

DAILY REPORT

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U.S. URGED TO RECONSIDER AIR CARGO DECISION

OW131303 Tokyo KYODO in English 1235 GMT 13 Nov 85

[Text] Tokyo, Nov. 13 KYODO -- Japan asked the United States Wednesday to reconsider its refusal to allow Nippon Cargo Airlines (NCA) to increase its trans-Pacific flights. Government officials said the Transport Ministry made the request on the basis of an agreement reached between the two countries in April. The United States turned down a request by NCA to launch an extra weekly flight on Wednesday between Tokyo and New York via San Francisco to handle heavier-than-usual Christmas cargoes. The planned flight is in addition to six weekly flights the Japanese carrier has been flying on the route since May 8 this year under a provisional U.S.-Japanese aviation accord. The Flying Tiger Cargo Airline of the United States has been allowed to operate an extra trans-Pacific flight under the bilateral agreement.

DROP IN WHOLESALE PRICES TIED TO YEN'S SURGE

OW150301 Tokyo KYODO in English 0232 GMT 15 Nov 85

[Text] Tokyo, Nov. 15 KYODO -- Wholesale prices plunged a record 1.4 percent in October from September to the lowest level in five years and eight months, the Bank of Japan reported Friday. The central bank attributed the sharp drop to a 4.0 percent fall in both export and import prices caused mostly by the yen's 10 percent surge in foreign exchange value.

The wholesale price index stood at 97.7 last month against the 1980 average of 100, meaning that wholesale prices cost 2.3 percent less than five years ago. It was the lowest figure since 97.3 in February 1980. The 1.4 percent drop from September was the eighth straight monthly slide and the sharpest fall on record, exceeding the previous record 1.3 percent decline in December 1982. The index represented a 3.2 percent plunge from October 1984, the steepest year-on-year drop since November 1983 when it sagged 3.7 percent. The index consists of three individual indices, representing domestic, export and import prices. The overall, export and import indices are already below the 1980 standard of 100.

In October, the domestic wholesale price index also fell below it -- to 99.7 -- for the first time since March 1980. It was also the first time since October 1979 that all the three individual indices were simultaneously below 100. The Japanese currency's exchange rate to the U.S. dollar averaged 214.85 yen in October, up 22.32 yen from September. The appreciation contributed to a full percentage point of the 1.4 percent month-to-month decline, officials said. Half the remaining 0.4-point drop was caused by the termination of a summertime premium charge on electricity consumption, the officials said. The export price index for October was 8.0 percent lower than a year before and the import price index 9.2 percent lower.

NEED TO FURTHER DEREGULATE TRANSPORTATION CITED

OW150339 Tokyo KYODO in English 0309 GMT 15 Nov 85

[Text] Tokyo, Nov. 15 KYODO -- An annual government report on transportation calls for stepped-up efforts for deregulation and privatization of the Japanese National Railways. The 1985 white paper on transportation was presented to a cabinet session by Transport Minister Tokusaburo Yamashita Friday and was approved. The report shows that the number of passengers in fiscal 1984, ended last March, edged up from the year before, but the growth rate was smaller.

Concluded that transporters are in great need of better services using centralized information systems and less energy, the report stresses the importance of further deregulation, notably of airline operations, and improvements in administrative procedures. Specifically, it mentions the pressing need to rectify the swollen deficit of the Japanese National Railways (JNR) by restructuring it as six private organizations.

According to the report, domestic passenger traffic between April 1984 and March 1985 totaled 52.98 billion persons, up by just 0.8 percent from the previous year. The total volume of traffic -- the number of passengers multiplied by the distance covered -- increased 1.3 percent to 832.3 billion person-kilometers, both growth rates were smaller than the year before. Despite fare hikes, the JNR enjoyed an increase in passenger volume for the second consecutive year, the report says. Airlines also showed a full recovery from their poor performance, in fiscal 1983, it adds. Domestic cargo transportations declined in tonnage for the fourth straight year, but the total volume of traffic rose 2.9 percent to 434.6 billion ton-kilometers. Air cargo traffic surged while the JNR's cargo transportation fell. Domestic coastal shipping also enjoyed an upturn, thanks to increased transportation of oil for stockpiling, according to the report.

FINANCE MINISTRY SEEKS TO CUT NATIONAL DEFICIT

OW131211 Tokyo KYODO in English 1149 GMT 13 Nov 85

[Text] Tokyo, Nov. 13 KYODO -- The Finance Ministry Wednesday gave up a plan to reduce the outstanding balance of government bonds by 1 trillion yen in forming the fiscal 1986 budget, which had been one of the government's targets to help rebuild the deficit-ridden national finances. The decision was included in the ministry's basic guidelines for the budgetary compilation, details of which were given Wednesday to Prime Minister Yasuhiro Nakasone. Revenues for the forthcoming budget will be less than expected, so that the government must depend on the issuance of government bonds to make up for the revenue shortfall, ministry officials said. Nakasone was told that the ministry will slash the bond balance as much as it can.

Growing uncertainty about the direction of Japan's economy and the appreciation of the yen have combined to reduce tax revenue estimates for fiscal 1986 by about 400 billion yen to less than 41 trillion yen, according to some analysts. The outstanding balance of government bonds is expected to reach 142 trillion yen at the end of fiscal 1986. The ministry told Nakasone it will aim at setting the fiscal 1986 national general account budget at about 54.4 trillion yen, up 3.6 percent from that for the current fiscal year ending March 31 next year. The rate of increase compares with a 3.7 percent rise for the fiscal 1985 year budget. The austere revenue situation will also force the ministry to refrain from paying 2.08 trillion yen into the national debt consolidation fund for fiscal 1986, the fifth consecutive year in which the payment, used for servicing government bonds, has been cancelled.

NAKASONE TOASTS '30 GLORIOUS YEARS' of LDP RULE

OW150113 Tokyo KYODO in English 0401 GMT 15 Nov 85

[Text] Tokyo, Nov 15 KYODO -- The Liberal-Democratic Party, in power since its founding 30 years ago, celebrated what Prime Minister Yasuhiro Nakasone proudly described as "30 glorious years" Friday with a solemn ceremony followed by a mammoth birthday bash.

"There is no precedent in the free world for the long years that we have been in power," Nakasone told a gathering of 600 party dignitaries who gathered at the newly refurbished hall of the LDP headquarters.

Nakasone, who serves as president of the LDP, also proudly recounted Japan's economic achievements in the 30 years under LDP rule. When the LDP was formed in 1955, Nakasone said, Japan's economy was merely one 20th of the size of the American economy. Now, Japan's economy has grown to half the American size, and accounts for a tenth of all goods and services produced in the world, he said. Meanwhile, Nakasone said, the LDP has grown into a "colossal organization," with more than 4.1 million party members and associates. "It is no exaggeration to say that the past three decades have been a glorious 30 years for our party," he said.

Nakasone attributed the success of the LDP to "flexibility and pragmatism" which he said have been the hallmark of LDP policy. As a commitment to the future, Nakasone pledged to continue with a series of reforms in education, government administration and the fiscal structure. Also, Nakasone renewed his commitment to turn Japan into an "internationalized society" and work toward a liberalized market. To mark the 30th anniversary of its founding, the LDP announced a new party program and a special declaration setting forth the party's basic ideals and policy stances. The ceremony was followed by a cocktail party at a hotel in Tokyo attended by more than 3,600 supporters and guests, including leaders of all major opposition parties.

GOVERNMENT PROTESTS 14 NOV SR-71 OVERFLIGHT

SK141150 Pyongyang Domestic Service in Korean 1107 GMT 14 Nov 85

[Text] The U.S. imperialist aggressors have committed acts of espionage by infiltrating a spy plane into the territorial air space of the northern half of the republic.

The U.S. imperialist aggressors committed acts of espionage against the northern half of the republic by infiltrating an SR-71 high-altitude and high-speed reconnaissance plane into the air space above Kangnyong peninsula in the West Sea of our country at around 1135 on 14 November and again deep into the territorial air space over the eastern part of Kosong at around 1319.

Such espionage acts by the U. S. imperialists have been committed 10 times since mid-October alone. Such espionage acts by the U.S. imperialists, timed to coincide with the large-scale military exercises staged recently with a large number of aggressive armed forces shipped into South Korea, once again show clearly that they are only pursuing war and confrontation in Korea, not peace.

SOUTH'S EXPOSURE OF 'DISGUISED' EMPLOYEES DECRIED

SK131021 Pyongyang KCNA in English 1003 GMT 13 Nov 85

[Text] Pyongyang November 13 (KCNA) -- The Chon Tu-hwan puppet clique blared that they had "uncovered" more than 290 "disguised employees" at 140 companies in different parts of South Korea in the January-October period this year, according to a report from Seoul.

They reportedly made the companies discharge above 260 of them and took step for an immediate dismissal of the remaining 30 from 23 companies. The puppets say that those "disguised employees" are university graduates hired at companies or enterprises as workers, who "agitate" something among workers. This is a malicious act for robbing the intellectuals of their hard-won jobs.

The South Korean workers are fighting against the reactionary labor policy of the puppet clique and exploitation by the vicious employers, not prompted by someone's "agitation" but by their awakening through their experiences to the truth that they cannot subsist without turning out in the struggle.

The puppet clique must not rob the intellectuals of their jobs with an outcry over "exposure of disguised employees," but find the university graduates employment in their specialised domains and guarantee them living conditions.

NODONG SINMUN ON CHON'S COMMENTS AT FRONTLINE

SK150130 Pyongyang Domestic Service in Korean 2154 GMT 14 Nov 85

[NODONG SINMUN 15 November commentary: "Those Who Are Digging Their Own Graves"]

[Text] On the early morning of 13 November, traitor Chon Tu-hwan appeared at a puppet army unit in the middle western sector of the frontline area and ran wild to fan sentiments of war.

He said that the international situation as well as the situation on the Korean peninsula is extremely strained militarily, reminding us of the situation that touched off World War II. He then called for assuming a posture of strict vigilance.

This acts of calling for heightening tension and of fanning the sentiments of confrontation while scurrying armed in the frontline area near the Military Demarcation Line at a time when multilateral dialogue is underway to improve relations between the North and South constitute a brazen war racket.

The heightened tension on the Korean peninsula clamorously babbled about by the South Korean dictator is the product of his maneuvers for war under the instigation of the U.S. imperialists. Having deployed forward the majority of puppet army troops in the frontline area, the puppets are, even at this moment, giving impetus to a war of northward invasion -- a war designed to complete combat readiness.

Facing a serious crisis in South Korea, the puppets are kicking up anticommunist rackets while babbling about the alleviation of tension in an attempt to divert the people's attention that has been directed toward them, and to extricate themselves from this crisis. The act of fanning sentiments of war behind the scenes by calling for unity in words only, while fanning sentiments of confrontation in reality, and while clamorously babbling about an improvement in relations, reveals the true colors of the fascist military clique that has two faces under one hood.

Today the puppets have assumed an insincere attitude toward dialogue. This is because they are not interested in dialogue but are engrossed in seeking confrontation against us. No matter what absurdities they may use, the puppet clique will be unable to conceal their nature as war maniacs. The more zealously the puppets fan sentiments of confrontation between the North and South, the more they will reveal their true colors as war maniacs and assplittists. The peaceful resolution of the Korean question is feasible only through contacts and negotiations between the North and South. The act of heightening tension by fanning sentiments of enmity against us among officers and men of the puppet army and by inciting sentiments of war at a time when public opinion at home and abroad unanimously supports dialogue between the North and South and hopes for the successful progress of this dialogue constitutes the act of betrayal in dialogue. This also constitutes an act of digging one's grave, running counter to the current trends.

If one wants the alleviation of tension on the Korean peninsula and the improvement of relations between North and South, he should not pursue an anachronistic line of confrontation but should traverse the road of eliminating mistrust and misunderstanding between the North and South and of achieving national reconciliation and unity. This attitude will make a breakthrough for them. If they seek confrontation against us through strength while continuously conducting hackneyed false anticommunist propaganda, leading the situation toward an irrevocable phase, they will be unable to avoid the stern judgment of history.

HO TAM MEETS PRO-DPRK JAPANESE DELEGATION

SK140457 Pyongyang KCNA in English 0443 GMT 14 Nov 85

[Text] Pyongyang November 14 (KCNA) -- Ho Tam, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and secretary of the party Central Committee, on November 13, met and had a conversation in a friendly atmosphere with the Japanese delegation of the International Liaison Committee for the Independent and Peaceful Reunification of Korea headed by its Vice-Chairman Makoto Ichikawa, advisor to the General Council of Trade Unions of Japan. On hand was Pyon Song-tok, vice-chairman of the Korean Society for Cultural Relations With Foreign Countries.

GOVERNMENT RELEASES JAPANESE FISHERMEN 15 NOV

SK150531 Pyongyang KCNA in English 0519 GMT 15 Nov 85

[Text] Pyongyang November 15 (KCNA) -- The crewmen of the Japanese fishing boat Eiho-Marun No 83 who had been apprehended while fishing after illegally crossing the military boundary of our country on the East Sea left for home. The skipper and crewmen of the boat expressed deep thanks to the government of the Democratic People's Republic of Korea for rescuing all of them and leniently pardoning them, though they had not only gravely encroached upon the sovereignty of the DPRK but also caused an accident in which their boat was sunk in a collision while fleeing, refusing to respond to the signal to stop. Expressing thanks time and again for the benefits of medical assistance and all humanitarian treatment accorded them during their stay in Korea, they pledged themselves not to commit such offence again. The whole crew of Eiho-Marun No 83 left the Hungnam Port for Japan at 11 a.m. November 15.

KIM CHONG-IL SEES MUSIC, DANCE PERFORMANCE

SK130531 Pyongyang KCNA in English 0500 GMT 13 Nov 85

[Text] Pyongyang November 13 (KCNA) -- Comrade Kim Chong-il, member of the Presidium of the Political Bureau, and secretary, of the Central Committee of the Workers' Party of Korea, together with leading officials of the WPK Central Committee and culture and art, appreciated the music and dance epic "Song of Glory" on November 12 at the February 8 House of Culture.

Comrade Kim Chong-il highly praised the successful performance of artistes. He said the "Song of Glory" depicting the revolutionary history of our party on a grand epical canvas is a most successful work perfect in ideology and artistry. He said the music and dance epic "Song of Glory" is a monumental work in the age of the Workers' Party which consummates all the successes achieved in the domain of culture and art in the past under the leadership of the party and a new work of stage art of our style which pictures in a broad and deep way the history of the struggle of our party and people by using in a comprehensive way all genres of literature and art including music, dance, poem and film screen. In the course of producing and performing this music and dance epic a solid foundation has been laid to bring our chuche-oriented art to a higher stage, he noted. He said through over 150 performances over the past three years or more since the music and dance epic "Song of Glory" was created and put on stage a great contribution has been made to the revolutionary education of the party members and working people and to the strengthening of friendship and unity between our people and the revolutionary people of the world. Noting that our men of literature and art are sentinels on the ideological front for educating the party members and working people, Comrade Kim Chong-il said they should more energetically conduct their performance activities, deeply conscious of their noble mission.

Comrade Kim Chong-il stressed that while producing many new works, "Sea of Blood", "The Flower Girl" and other revolutionary operas already produced and the music and dance epic "Song of Glory" should be continuously performed to give revolutionary education to the rising generation and the entire people. He indicated in a concrete way the direction and ways of further developing all domains of chuche-oriented literature and art including stage art.

FURTHER REPORTAGE ON ETHIOPIAN DELEGATION VISIT

Kim Il-song Banquet Speech

SK110517 Pyongyang KCNA in English 0452 GMT 11 Nov 85

[Text] Pyongyang November 11 (KCNA) -- Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, on November 10 made a speech at the grand banquet he arranged in honour of the high-level party and government delegation of Socialist Ethiopia led by Mengistu Haile Mariam, general secretary of the Central Committee of the Workers' Party of Ethiopia, chairman of the Provisional Military Administrative Council of Socialist Ethiopia and commander-in-chief of the Revolutionary Armed Forces of Socialist Ethiopia, on a visit to Korea.

[Pyongyang Domestic Service in Korean at 2200 GMT on 10 November carries a text of Kim Il-song's speech at the banquet and adds: "Respected Comrade Mengistu Haile Mariam, guests from Socialist Ethiopia, and comrades and friends: Amid a great pleasure, we welcome Comrade Mengistu Haile Mariam, general secretary of the Central Committee of the Worker's Party of Ethiopia, chairman of the Provisional Military Administrative Council of Socialist Ethiopia, and outstanding leader of the Ethiopian revolution. The respected comrade chairman is visiting our country again after his first visit 2 years ago. I cannot hold back pleasure with meeting you, our old friend and revolutionary comrade-in-arms, and sharing this place, and I feel a new deep emotion. On behalf of our party Central Committee, the government of the republic, the Korean people, and on my own behalf, I warmly welcome comrade chairman and the members of the delegation, deeply feeling your particular goodwill toward us and genuine fraternal friendship."]

The fact, he said, that you are visiting our country for the second time clearly shows our intimate acquaintance and the very close relationship between our two countries.

He further said: It was not until the monarchy was overthrown and the popular revolution emerged victorious in Ethiopia that the way was paved for the friendship between the peoples of Korea and Ethiopia. And the friendly relations between Korea and Ethiopia have been consolidating and developing with the passage of days on the basis of the treaty of friendship and cooperation concluded between the two countries during your previous visit to this country.

[Pyongyang Domestic adds: "We take pride in having fraternal and comradely friendly bonds, solidly forged on the same front of the anti-imperialist struggle for independence, and treasure them."]

Since their emancipation from the shackles of the prolonged feudalistic rule, the Ethiopian people under the prominent and seasoned leadership of esteemed comrade chairman have been introducing a series of democratic reforms and commendably building a new, independent society under the banner of socialism despite all kinds of hardships and difficulties. The founding of the Workers' Party of Ethiopia, the vanguard organization of the Ethiopian revolution, last year, a year which coincided with the 10th anniversary of the victorious revolution, was an event of momentous significance in the long history of the Ethiopian people. The Ethiopian people are now vigorously advancing along the path indicated by their Workers' Party to found a people's democratic republic, consummate the national democratic revolution and lay down the material and technical foundations for the building of socialism.

In Ethiopia the ambitious undertaking has been successfully carried out to relieve millions of people from the damage of the drought, which has been the root cause of disasters for centuries and has become increasingly severe in recent years, and to stabilize their livelihood. This has clearly proved the vitality of the new social system established on the soil of Ethiopia.

[Pyongyang Domestic adds: "It is needless to doubt that your country, which has an industrious and brave people and abundant natural resources, will certainly attain the goal for extricating agriculture from dependence upon nature and achieving self-sufficiency in food as envisaged in the 10-Year Plan for National Development."]

We highly appreciate the fact that you have advanced correct lines and policies conforming with your country's realities on the basis of Marxism-Leninism and are carrying out the revolution and construction in an undeviating way, and firmly believe that you will register more splendid successes in your efforts to implement the historic tasks set forth at the inaugural congress of the Workers' Party of Ethiopia. The successful implementation of the socialist revolution in Ethiopia will exert a great inspiring influence on the African countries and blaze a trail in extricating the whole continent of Africa once and for all from the imperialist and colonialist subordination.

The imperialists detest Ethiopia for holding fast to chajusong (independence-oy) [as received] and advancing towards socialism and recently, talking about the mediation of regional disputes, they are claiming as if Ethiopia endangered world peace and security. We regard such machinations of the imperialists as an intolerable interference in the internal affairs of Ethiopia and resolutely condemn them.

Noting that today the African people are faced with the urgent task to promote the rebirth and total liberation of Africa, President Kim Il-song went on: Many African countries are still undergoing serious political and economic difficulties even after their political independence, because of the aftermath of the past colonial rule and also of the imperialists' manoeuvres for neo-colonialist subordination, and they are not free from the calamities of famine, poverty and maladies. In southern Africa, the racists under the aegis of the U.S.-led imperialists are persisting in their brutal policies of racism and apartheid and outrageously continuing their bloody suppression and massacre of the South African people. At the same time, they are stubbornly hampering the independence of Namibia and incessantly committing armed attacks, sabotage and subversive acts against the neighbouring countries, only to make the situation in this region extremely tense and threaten peace in Africa.

For the total liberation of Africa, the African countries should baffle all forms of the imperialists' schemes for aggression and intervention and build an independent national economy so as to achieve the economic emancipation of Africa and to eliminate the last stronghold of colonialism and racism still remaining in southern Africa.

It is an irresistible main trend of our times that people go in for sovereignty, independence and socialism. No force on earth can hold in check the onward movement of the people in this continent for the consolidation of national independence and the total liberation of Africa. The imperialists must desist from aggression and intervention in Africa, and the South African racists must end immediately their brutal suppression of people and acts of aggression against the neighbouring countries.

Socialist Ethiopia plays an active part in the Organization of African Unity, the Non-aligned Movement and other arenas of external activities to realize the total liberation and unity of Africa and safeguard the peace in Africa, and Comrade Mengistu Haile Mariam at the OAU summit conference has put forward a positive initiative on creating a nuclear-free zone in the African continent.

The Korean people fully support the just cause of the African people for the total liberation of southern Africa and the building of a new Africa, peaceful, independent and prosperous, free from foreign aggression and interference, and will in the future, too, invariably stand firmly by them.

Today, the general situation not only in the African continent, but also in Asia including the Korean peninsula and the rest of the world is getting still more tense and complicated day by day due to the imperialists' moves for aggression and war.

All the peace-loving people of the world should launch a vigorous struggle in firm unity to check and frustrate the imperialists' policy of arms build-up and their acts for a nuclear war, defend peace and build an independent new world.

The peoples of all the newly-emerging and nonaligned countries should do everything in their power to expand and strengthen the Nonaligned Movement, extensively effect South-South cooperation on the principle of collective self-reliance and establish a new international economic order to replace the old one, the lever of imperialist exploitation and plunder.

[Pyongyang Domestic adds: "We think with pleasure that, in the course of performing this sacred common course, we take a common stand and closely support and cooperate with each other."]

Socialist Ethiopia constantly extends its active support and encouragement to our fair and reasonable proposals aimed at achieving the independent and peaceful reunification of the country through dialogue and negotiations without any outside interference after the withdrawal of all foreign troops from South Korea, and to our people in their struggle for their implementation.

[Pyongyang Domestic adds: "I express deep thanks to the respected comrade chairman and the Ethiopian party, government and people for this."]

Under the ever-increasing support and encouragement of the peace-loving people of the world, our people will certainly accomplish the cause of the independent and peaceful reunification of the country, surmounting difficulties lying on the road of reunification.

[Pyongyang Domestic adds: "Respected comrade chairman, we will sufficiently discuss many matters of common concern during your sojourn in our country. Your visit to our country this time will develop the fine Korean-Ethiopian friendly relations onto a new higher stage and add another shining chapter to the history of friendship between our two countries. At this place overflowing with sentiments of fraternal friendship, I propose a toast to the militant friendship and unity between the Korean and Ethiopian peoples, to the prosperity of Socialist Ethiopia, to the unity of the world's people defending independence, to the good health of the respected Comrade Chairman Mengistu Haile Mariam, to the good health of the guests from Socialist Ethiopia, and to the good health of many comrades and friends here."]

Concluding his speech, President Kim Il-song proposed a toast to the militant friendship and solidarity between the Korean and Ethiopian peoples, And to the good health of esteemed Comrade Chairman Mengistu Haile Mariam.

Kim, Mengistu Receive Honors

SK110607 Pyongyang KCNA in English 0546 GMT 11 Nov 85

[Text] Pyongyang November 11 (KCNA) -- Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, received "Order of the Grand Star of Honour of Socialist Ethiopia", the highest order of Socialist Ethiopia.

And the title of hero of the Democratic People's Republic of Korea was awarded to Mengistu Haile Mariam, general secretary of the Central Committee of the Workers' Party of Ethiopia and chairman of the Provisional Military Administrative Council and commander-in-chief of the Revolutionary Armed Forces of Socialist Ethiopia.

The awarding ceremony took place on November 10. "Order of the Grand Star of Honour of Socialist Ethiopia" was awarded to President Kim Il-song by Chairman Mengistu Haile Mariam.

President Kim Il-song expressed thanks for this. He awarded to Chairman Mengistu Haile Mariam the title of hero of the DPRK, together with Gold Star Medal and the order of national flag, first class.

The chairman expressed deep thanks for this. President Kim Il-song and Chairman Mengistu Haile Mariam posed for a photograph after the awarding ceremony.

Present at the ceremony were the party of Chairman Mariam and members of the Political Bureau of the WPK Central Committee Premier Kang Song-san and Vice-President Yi Chong-ok, and alternate member of the Political Bureau of the WPK Central Committee and Vice-Premier Hong Song-yong, and Secretary of the WPK Central Committee Pak Nam-ki and others.

Mengistu Calls on Kim

SK110613 Pyongyang KCNA in English 0559 GMT 11 Nov 85

[Text] Pyongyang November 11 (KCNA) -- Mengistu Haile Mariam, general secretary of the Central Committee of the Workers' Party of Ethiopia [WPE], chairman of the Provisional Military Administrative Council and commander-in-chief of the Revolutionary Armed Forces of Socialist Ethiopia, on November 10 paid a courtesy call on Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea.

Present there were the members of the high-level party and government delegation of Socialist Ethiopia -- Addis Tedla, member of the Political Bureau of the Central Committee of the Workers' Party of Ethiopia and deputy chairman of the National Committee for Central Planning; Ashagre Yigletu, member of the C.C., the WPE, secretary, and head of the Foreign Relations Department, of the party Central Committee; Tekeze-Shoa Aytenfiso, member of the C.C., the WPE and minister of mines and energy; Goshu Wolde, member of the C.C., the WPE and minister of foreign affairs; Wollie Chekol, member of the C.C., the WPE and minister of foreign trade; Mengistu Gemetchu, member of the C.C., the WPE and special assistant of the chairman of the Provisional Military Administrative Council of Socialist Ethiopia; Fisseha Geda, member of the C.C., the WPE and Ethiopian ambassador extraordinary and plenipotentiary to Korea, and others.

Also present were Kang Song-san, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and premier of the Administration Council; Yi Chong-ok, member of the Political Bureau of the WPK Central Committee and vice-president; Hong Song-yong, alternate member of the Political Bureau of the WPK Central Committee and vice-premier of the Administration Council; Pak Nam-ki, secretary of the party Central Committee; Chong Song-nam, minister of external economic affairs; Kim Chae-pong, vice-director of a department of the party Central Committee; colonel general of the Korean People's Army Pak Chung-kuk; Kang Chong-mo, first vice-minister of foreign trade; Kim Hyong-yuk, vice-minister of foreign affairs; and Sok Tae-uk, Korean ambassador extraordinary and plenipotentiary to Socialist Ethiopia. President Kim Il-song had a conversation with Chairman Mengistu Haile Mariam in a cordial and friendly atmosphere.

Leaders Exchange Gifts

SK110047 Pyongyang KCNA in English 1031 GMT 11 Nov 85

[Text] Pyongyang November 11 (KCNA) -- Comrade Mengistu Haile Mariam, general secretary of the Central Committee of the Workers' Party of Ethiopia, chairman of the Provisional Military Administrative Council and commander-in-chief of the Revolutionary Armed Forces of Socialist Ethiopia, on November 11 presented a gift to Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea. Chairman Mengistu Haile Mariam explained the gift to President Kim Il-song. President Kim Il-song saw the gift and expressed thanks for it. That day he gave a gift to Chairman Mengistu Haile Mariam. Chairman Mengistu Haile Mariam expressed deep thanks for it.

Present on the occasion were the members of the high-level party and government delegation of Socialist Ethiopia and others, Premier Kang Song-san, Vice-President Yi Chong-ok, Vice-Premier and Foreign Minister Kim Yong-nam, Vice-Premier Hong Song-yong and others.

Talks Held 11 November

SK111050 Pyongyang KCNA in English 1034 GMT 11 Nov 85

[Text] Pyongyang November 11 (KCNA) -- Talks were held on November 11 between Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, and Comrade Mengistu Haile Mariam, general secretary of the Central Committee of the Workers' Party of Ethiopia, chairman of the Provisional Military Administrative Council and commander-in-chief of the Revolutionary Armed Forces of Socialist Ethiopia.

Present at the talks on our side were Kang Song-san, member of the Political Bureau of the WPK Central Committee and premier of the Administration Council; Yi Chong-ok, member of the Political Bureau of the WPK Central Committee and vice-president; Kim Yong-nam, member of the Political Bureau of the WPK Central Committee, vice-premier of the Administration Council and foreign minister; Hong Song-yong, alternate member of the Political Bureau of the WPK Central Committee and vice-premier of the Administration Council; Pak Nam-ki, member and secretary of the WPK Central Committee; Chong Song-nam, minister of external economic affairs; Kim Chae-pong, vice-director of a department of the WPK Central Committee; and Pak Chung-kuk, colonel general of the Korean People's Army who are alternate members of the WPK Central Committee; and Kang Chong-mo, first vice-minister of foreign trade; Kim Hyong-yul, vice-minister of foreign affairs; and Sok Tae-uk, DPRK ambassador extraordinary and plenipotentiary to Socialist Ethiopia.

Present on the opposite side were members of the high-level party and government delegation of Socialist Ethiopia Addis Tedla, member of the Political Bureau of the Central Committee of the Workers' Party of Ethiopia and deputy chairman of the National Committee for Central Planning; Ashagre Yigletu, member of the WPE Central Committee and secretary, head of the Foreign Relations Department, of the WPE Central Committee; Tekeze-Shoa Aytenfiso, member of the WPE Central Committee and minister of mines and energy; Goshu Wolde, member of the WPE Central Committee and minister of foreign affairs; Wollie Chekol, member of the WPE Central Committee and minister of foreign trade; Mengistu Gemetchu, member of the WPE Central Committee and special assistant of the chairman of the Provisional Military Administrative Council of Socialist Ethiopia; Fisseha Geda, member of the WPE Central Committee and ambassador extraordinary and plenipotentiary of Socialist Ethiopia to Korea, and others.

The talks took place in a sincere and friendly atmosphere.

Talks Held 12 November

SK130447 Pyongyang KCNA in English 1510 GMT 12 Nov 85

[Text] Pyongyang November 12 (KCNA) -- Talks were held again on November 12 between Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, and Comrade Mengistu Haile Mariam, general secretary of the Central Committee of the Workers' Party of Ethiopia, chairman of the Provisional Military Administrative Council and commander-in-chief of the Revolutionary Armed Forces of Socialist Ethiopia.

Present at the talks on our side were Yi Chong-ok, member of the Political Bureau of the WPK Central Committee and vice-president; Kim Yong-nam, member of the Political Bureau of the WPK Central Committee, vice-premier of the Administration Council and foreign minister; Pak Nam-ki, member and secretary of the WPK Central Committee; Chong Song-nam, minister of external economic affairs; Kim Chae-pong, vice-director of a department of the WPK Central Committee; and Pak Chung-kuk, colonel general of the Korean People's Army, who are alternate members of the WPK Central Committee; and Sok Tae-uk, Korean ambassador extraordinary and plenipotentiary to Socialist Ethiopia.

Present on the opposite side were the members of the high-level party and government delegation of Socialist Ethiopia; Addis Tedla, member of the Political Bureau of the WPE Central Committee and deputy chairman of the National Committee for Central Planning; Ashagre Yigletu, member and secretary of the WPE Central Committee and head of the Foreign Relations Department of the party Central Committee; Tekeze-Shoa Aytenfiso, member of the WPE Central Committee and minister of mines and energy; Goshu Wolde, member of the WPE Central Committee and minister of foreign affairs; Wollie Chekol, member of the WPE Central Committee and minister of foreign trade; Mengistu Gemetchu, member of the WPE Central Committee and special assistant of the chairman of the Provisional Military Administrative Council of Socialist Ethiopia; Fisseha Geda, member of the WPE Central Committee and ambassador extraordinary and plenipotentiary of Socialist Ethiopia to Korea; and the suite.

A sincere and friendly atmosphere prevailed throughout the talks. President Kim Il-song arranged a luncheon today in honor of Chairman Mengistu Haile Mariam.

Visits to Factory, Power Plant

SK130457 Pyongyang KCNA in English 1517 GMT 12 Nov 85

[Text] Pyongyang November 12 (KCNA) -- The high-level party and government delegation of Socialist Ethiopia headed by Comrade Mengistu Haile Mariam, general secretary of the Central Committee of the Workers' Party of Ethiopia, chairman of the Provisional Military Administrative Council and commander-in-chief of the Revolutionary Armed Forces of Socialist Ethiopia, on an official goodwill state visit to Korea, went round the Sungni General Motor Works and the Taedonggang Power Station on November 12.

President Kim Il-song accompanied Chairman Mengistu Haile Mariam.

Also accompanying the guests were Yi Chong-ok, member of the Political Bureau of the C.C., the Workers' Party of Korea and vice-president; Kim Yong-nam, member of the Political Bureau of the C.C., the WPK and vice-premier of the Administration Council and Foreign Minister; Pak Nam-ki, secretary of the party Central Committee, and other senior officials.

The industrial establishments were overflowing with great joy at meeting President Kim Il-song and the friendly mission of the Ethiopian people and bedecked in festive attire. Thousands of workers turned out to greet the guests with the national flags of the two countries, bunches of flowers and balloons in the compound of the Sungni General Motor Works, the nation's leading auto production base.

When Chairman Mengistu Haile Mariam arrived at the works in company with President Kim Il-song, the crowds burst into cheers of hurrah, waving the flags and flowers, and warmly welcomed them, loudly shouting "Kim Il-song, Mengistu."

The guests were welcomed there by Yon Hyong-muk, member of the Political Bureau of the C.C., the WPK and first vice-premier of the Administration Council; Kim Yong-nam, minister of the First Ministry of Machine-Building Industry; Kim Hak-pong, chief secretary of the South Pyongan Provincial Party committee and chairman of the South Pyongan Provincial People's Committee; Kim Ui-sun, chairman of the South Pyongan Provincial Administration and Economic Guidance Committee, and other officials.

Labor innovators presented bouquets of flowers to President Kim Il-song and Chairman Mengistu Haile Mariam. Comrade Mengistu Haile Mariam and other guests went round with keen interests major auto production processes, while being briefed on the history of the development of the works.

Leading officials of the works presented souvenirs to Comrade Mengistu Haile Mariam.

The guests also visited the Taedonggang Power Station. The workers there enthusiastically welcomed the guests with warm friendly sentiments for the people of Socialist Ethiopia.

Labor innovators presented bouquets of flowers to President Kim Il-song and Chairman Mengistu Haile Mariam. Walking round the dam and other structures and modern generating equipment, the guests inspired the workers there in their endeavours for the increased production of power.

STUDENT ACTIVISTS OCCUPY LABOR MINISTRY OFFICE

SK150311 Seoul YONHAP in English 0259 GMT 15 Nov 85

[Text] Seoul, Nov. 15 (OANA-YONHAP) -- A group of six student activists broke into the office of the secretaries to the Labor Ministry Friday morning and had occupied it for 35 minutes in an anti-government demonstration before they were taken away by police. The students, members of "The Struggle Committee for the Implementation of the Sammin Movement," a dissident group in Korea University, sneaked into the compound of the building of the Labor Ministry by scaling over the wall and forced their way into the office on the second floor by overpowering security guards.

The intruders including a co-ed locked themselves . . . poured five liters of inflammable liquid on the floor and threatened to set it on fire if police intervened. After seizing the office, the students hung two placards of anti-government slogans outside the window and spread subversive leaflets.

It was the latest in a series of recent student violences involving public facilities in Seoul and other large cities. No one was reported hurt in the incident. Labor Minister Cho Chol-kwon was not at his office when the students intruded.

POLICE ARREST SIX STUDENTS FOR SIT-IN RALLY

SK150040 Seoul THE KOREA TIMES in English 15 Nov 85 p 8

[Text] Police yesterday arrested six students for their alleged main roles in the Monday occupation of the Central Political Training Institute of the ruling Democratic Justice Party and the subsequent sit-in and street protest near the party facilities. The attack on the building, located in Karak-dong, southeastern Seoul, involved nine students from four universities in Seoul, including Seoul City University, Hanguk University of Foreign Studies; Seoul Women's University and Tongdok Women's University.

During the protest, they demanded amendment to what they call the current autocratic Constitution. They stormed into the situation room on the second floor of the building. After driving out party officials there, they set up a barricade at the entrance with desks and chairs, splashing petrol on the floor. They, shouting anti-government slogans, plastered on windows a poster reading "Let's Write the Sammin Constitution and Shatter Dictatorship" and threw out from the windows over 100 copies of three different kinds of leaflets. They were overpowered by police while attempting to burn a DJP flag after incinerating a copy of the Constitution.

STUDENT DEMONSTRATORS BURN POLICE BUS IN RALLY

SK140059 Seoul THE KOREA HERALD in English 14 Nov 85 p 8

[Text] Students from 16 universities and colleges in Seoul yesterday staged street demonstrations or rallies on the occasion of the 15th anniversary of the death of a young labor unionist, Chon Tae-il. In provinces, several schools held similar rallies on their campuses. In Seoul, a police bus was burnt by a Molotov cocktail thrown by students and some riot policemen were injured.

An estimated 400 students from 16 universities and colleges including Seoul National, Korea and Hanyang universities, demonstrated on the streets between Chegi-dong and Chongnyangni railroad station for about 10 minutes from 1:30 p.m.

The demonstrators, including a small number of Chonggye garment workers union members, hurled stones and fire bottles toward police, shouting antigovernment slogans. A Molotov cocktail hurled by a student hit a police bus and burnt it completely.

About 500 students from Korea, Yonsei and Sogang universities staged a violent rally at the Korea University campus for about an hour and a half after holding a memorial rite for the late Chon. In the rally, a 50-meter-long iron fence was damaged when students attempted to come out of the campus for street demonstrations.

TWO POLICEMEN WOUNDED IN MELEE WITH STUDENTS

SK150036 Seoul THE KOREA HERALD in English 15 Nov 85 p 8

[Text] About 200 Seoul college students engaged in a free-for-all with 15 plainclothes riot policemen yesterday morning on the Korea University campus, leaving two of the policemen injured. The scuffle began around 10:15 a.m. after the policeman chased a 20-year-old sophomore as far as the students' hall after he refused to cooperate in an identification check and bag search at the campus' rear entrance. The police had been posted around the campus to monitor an overnight anti-government sit-in at the hall by hundreds of students from major universities in Seoul. Alerted by shouting from the sophomore as he was led away by the plainclothesmen, about 200 students dashed out of the hall and broke into the police ranks. During the melee, two policemen belonging to the Tongdaemun Police Station's riot police task force were removed by the students and assaulted. The two were then taken by the students to the university's health clinic for first-aid treatment. One of the two was later moved to a hospital.

FOREIGN MINISTRY SPOKESMAN ON NKDP-JSP EXCHANGE

SK150627 Seoul YONHAP in English 0616 GMT 15 Nov 85

[Text] Seoul, Nov. 15 (OANA-YONHAP) -- Exchanges between a conservative Korean party and the Japan Socialist Party (JSP) in the absence of the latter's recognition of South Korea will be undesirable because of the possible danger it might be played into the hands of communist North Korea, a spokesman for the Foreign Ministry warned Friday. The spokesman was commenting on the main opposition New Democratic Korea Party's (NDKP) recent move to initiate exchanges with the Japanese main opposition party. The NDKP plans to send a working-level delegation to Tokyo late next week to pave the way for the proposed exchanges between two parties. The proposed exchanges were agreed on between dissident leader Kim Yong-sam and Masashi Ishibashi, chairman of the JSP, when the two met in Tokyo last month.

The exchange might not only be exploited by Pyongyang in its strategy to communize South Korea but also will not be in the interest of South Korea, the spokesman said. He noted that the JSP recognizes only North Korea, maintains friendly relations with North Korea's ruling workers (communist) party and supports Pyongyang's policy for unification of the divided Korean peninsula.

MISSION TO LOBBY FOR VETO OF U.S. TEXTILE BILL

SK150026 Seoul THE KOREA HERALD in English 15 Nov 85 p 1

[Text] Alarmed by the U.S. Senate's approval of the Thurmond textile bill, the Korean government is weighing multifaceted countermeasures. A government source said yesterday that it plans to send Kim Ki-hwan, secretary general of the International Economic Policy Council, and Kim Chol-su, minister of trade and industry, to the United States to lobby for a veto of the bill by U.S. President Ronald Reagan.

The source also said that the government will firm up its trade diplomacy, chiefly lobby activities with the U.S. Congress and administration in close cooperation with U.S. imports and related organizations, to try to prevent the measure becoming law.

The textile bill is the spearhead of more than 300 similar measures pending in response to an estimated \$150 billion U.S. trade deficit this year.

At the same time, Korea, Taiwan and Hong Kong will join forces in seeking to deter the U.S. textile bill, which would protect U.S. textile makers against Asian imports, the source said.

EDITORIAL ON IMPACT OF THURMOND TEXTILE BILL

SK150056 Seoul THE KOREA TIMES in English 15 Nov 85 p 4

[Editorial: "Impact of 'Thurmond Bill'"]

[Text] The mounting protectionist sentiment in the U.S. Congress has resulted in the Senate approval of a legislation to force sharp cutbacks in textile and apparel imports from Asian countries, including Korea, despite repeated veto threats by President Ronald Reagan.

As compared with a similar bill passed by the House last month, the Senate version appears to be more selective or discriminative in levying import quotas as it singles out Korea and Taiwan for the heaviest cuts by as much as 30 percent, while Hong Kong would suffer an average of 12 percent.

According to the "Thurmond Bill," so dubbed by the name of its chief proponent Sen. Strom Thurmond, other textile exporting countries including Japan, China and Southeast Asian nations will face much modest penalties -- with Canada and the European Economic Community to be exempted altogether from the quotas.

Another feature of the 60-to-39 vote Wednesday in the Republican-controlled Senate was that the legislation promoters rallied more supporters than previously anticipated, though short of the two-thirds majority needed to override a presidential veto. In the House vote on its own legislation five weeks ago, a reverse phenomenon took place as a sizable number of the bill's original supporters switched sides and voted against it.

Even if the bills -- due to be reconciled into a single legislation through Senate-House consultations -- face the professed presidential veto, there is no denying that the congressional move will have enormous bearings on the Reagan administration in augmenting its already tough trade policy.

The recent legislation thus delivered yet another hard blow to the Koreans, who have already been gruelled by a series of U.S. Administration's import-restriction measures along with pressures for market-opening.

It is to be stressed once again that a crude protectionism will not help settle the current U.S. trade deficit and employment problems, but rather trigger repercussions if not retaliation from abroad and thus increase international tension.

On our part, the government and industries concerned should step up their concerted efforts, by mobilizing all available resources, in fighting the onrush of foreign menaces and charting the path of survival.

SAN YU LEAVES FOR MEDICAL CHECK-UP IN U.S.

BK090714 Rangoon Domestic Service in Burmese 0630 GMT 9 Nov 85

[Text] U San Yu, vice chairman of the Burma Socialist Program Party [BSPP] and president and chairman of the Council of State of the Socialist Republic of the Union of Burma, accompanied by his wife, Daw Than Tin, left for the United States by air at 0730 today for a medical check-up. U San Yu, vice BSPP chairman, president, and chairman of the Council of State, was seen off at the airport by the BSPP Central Executive Committee members led by Party Chairman U Ne Win; chairmen of the Party Inspection Committee and the Party Discipline Committee, and their wives; members of the Council of State and their wives; the prime minister; chairmen of central state organs and their wives; members of the Council of Ministers and their wives; deputy ministers; Mr Constanten Ma Cruz, dean of the Diplomatic Corps in Burma and the Philippines ambassador to Burma; Mr Masao Tsukamoto, Japanese ambassador to Burma; Mr Daniel A. O'Donohue; wives of ambassadors; and senior civil and military officials.

BRITAIN'S HESELTINE ARRIVES IN RANGOON 10 NOV

BK101419 Rangoon Domestic Service in Burmese 1330 GMT 10 Nov 85

[Text] Mr Michael Heseltine, British secretary of state for defense, and his wife and a delegation flew in to Rangoon by a special aircraft at 1600 today. They were received at Rangoon Airport by General Thura Kyaw Htin, deputy prime minister and defense minister, and his wife; Lieutenant General Saw Maung, chief of staff and deputy defense minister; high-ranking military officials; Mr Nicholas M. Fenn, British ambassador to Burma; and staff members of the British Embassy. At 1830, Mr Michael Heseltine, Mrs Heseltine, and delegation members attended a memorial mass held at the Holy Trinity Church on Bogyoke Aung San Road, Rangoon, by veterans of the British services during World War II and wives of fallen British servicemen. The British secretary of state for defense and his wife are accompanied by a 12-member delegation.

Calls on Kyaw Htin

BK111400 Rangoon Domestic Service in Burmese 1330 GMT 11 Nov 85

[Text] Mr Michael Heseltine, the British secretary of state for defense who is currently visiting Burma, called on General Thura Kyaw Htin, deputy prime minister and minister of defense, at 1000 at Dagon House. Present at the meeting were Lieutenant General Saw Maung, chief of staff and deputy defense minister, and Mr Nicholas M. Fenn, British ambassador to Burma. At 0800, British Defense Secretary Michael Heseltine and Mrs Heseltine, accompanied by veterans of the British services during World War II and wives of fallen British servicemen, attended a memorial service at the war cemetery in Tauckyan.

SRV TROOPS SEIZE KHMER ROUGE 'STRONGHOLD'

BK140059 Bangkok THE NATION in English 14 Nov 85 p 3

[Text] Khmer Rouge guerrillas and Vietnamese troops clashed inside Kampuchea again yesterday and guerrilla losses were put at 30 killed or wounded since the weekend, Thai military officers said.

The officers told reporters at the border that Vietnamese losses were estimated at seven killed and 16 wounded. They said nearly 900 Thai villagers had been evacuated from the border area to avoid being hit by stray shells.

Vietnamese infantrymen seized a stronghold from the Khmer Rouge's 4125th Division on Sunday and chased more than 100 guerrillas across the border into Chanthaburi Province. Thai marines have driven out intruding Vietnamese troops, the officers said.

Fighting Continues

BK150945 Bangkok BANGKOK WORLD in English 15 Nov 85 p 3

[Text] Chanthaburi -- Fighting between Khmer Rouge and Vietnamese forces continued near the Thai border in this eastern province for the fifth consecutive day yesterday.

The clashes hampered provincial authorities' plan to return 834 Thai civilians to their villages near the border. The villagers fled their homes last Sunday and Monday after fierce clashes in Kampuchea.

Chanthaburi Governor Somphong Phansuwan said this morning that Vietnamese artillery shells landed on the Khmer Rouge strongholds near the border opposite Pong Nam Ron District.

No stray shells landed on Thai soil, said the governor.

LAST WEEK'S KPRAF BATTLE SUCCESSES REPORTED

BK150241 Phnom Penh Domestic Service in Cambodian 1200 GMT 14 Nov 85

[From the "Weekly Roundup of Salient Events" feature]

[Excerpt] Last week, as during previous weeks, our Armed Forces, in close cooperation with the Vietnamese Army volunteers, were well prepared and fought successfully to defend every inch of the fatherland and check all infiltrations by the enemies. It can be said that our Armed Forces checked every infiltration and persuaded many enemies to surrender. During the past week, our Armed Forces, in close cooperation with the Vietnamese Army volunteers, launched 25 operations to check enemy infiltrators and smash their sabotage activities. We put out of action 131 enemies, including 45 killed on the spot and 72 others surrendered. We seized 45 assorted weapons. On the battlefield south of Chongkal in Siem Reap Province on 1 November, combatants of the 55th Battalion surrounded and killed four enemies. They also seized three weapons and nine hammocks. Also in Siem Reap Province, at the beginning of November, the armed forces of Banteay Srei District, launching operations in an area northeast of Siem Reap, intercepted a group of enemies hiding in the jungle. They killed two enemies, captured another, and seized two weapons. Militiamen of Prey Roneam Village in Battambang Province, in close cooperation with the Vietnamese Army volunteers, ambushed the enemies in area northwest of Battambang Province. They killed three enemies and seized three weapons.

In Pursat Province, having been tipped off by inhabitants, on 2 November, militiamen and armed forces ambushed a group of Pol Pot forces in charge of food supply. They killed four Pol Pot remnants, wounded another, and seized a B-40 and a compass.

In Kompong Thom Province, on 30 October, armed forces of Santuk and Kompong Svay Districts jointly, launched a sweeping operation against enemies in Boeng Smaoy, 19 km from the provincial seat. After a short battle, our forces killed five enemies and seized two weapons.

SIEM REAP-ODDAR MEANCHEY ACTIONS REPORTED

BK150658 Phnom Penh Domestic Service in Cambodian 0430 GMT 15 Nov 85

[Text] In their role as courageous and valiant combatants fighting enemies and defending the people's stability and way of life and the glorious Angkor fatherland, combatants and cadres of mobile units Siem Reap-Oddar Meanchey Province in remote and hilly areas have heightened their vigilance and fighting capability. They have launched operations to sweep up the enemies, build real revolutionary forces, and promote the movement to win back misled persons and to carry out mass agitation work and have scored satisfactory results.

In the past rainy season, combatants in Siem Reap-Oddar Meanchey Province launched 54 operations against the enemies, killing 13 on the spot, wounding another 10, and seizing 9 weapons, including a B-40, 3 AK's, 4 SK's, an SKS rifle, and some war materiel. At the same time, combatants and cadres in Siem Reap-Oddar Meanchey Province closely cooperated with the provincial authorities to boost the people's spirit in defending their localities. Militiamen were set up in four villages; a number of them were armed to defend their localities firmly. Furthermore, educational courses were organized to disseminate the policies of the party and state to make people aware of who are enemies and who are friends to unmask hidden enemy elements, and to appeal to misled persons to return to the fold. As a result, 13 misled persons surrendered to state authorities bringing with them 2 weapons.

SPK REPORTS THAI VIOLATIONS IN WEEK ENDING 7 NOV

BK120637 Phnom Penh SPK in French 0500 GMT 12 Nov 85

[Text] Phnom Penh, 11 Nov (SPK) -- During the week ending 7 November, 14 Thai L-19's and A-37's violated Cambodia's airspace above Thmar Puok, Poipet, Yeang Dangkum, and Smat Deng between 2 and 3 km inside Cambodian territory.

At sea, 407 Thai boats operated in the sector located 6 to 16 nautical miles off Kong and Tang Islands.

On the ground, 30 heavy mortar barrages were staged from Thailand against Phnum Malai, Pailin (Battambang), and Smat Deng (Pursat).

Also during that week, Cambodian border guards put out of action 128 reactionary Cambodians who had infiltrated into Cambodian territory for sabotage purposes. They captured or persuaded to surrender 84 others and seized a considerable amount of military equipment.

PARTY EXTERNAL RELATIONS GROUP LEAVES FOR HUNGARY

BK121339 Phnom Penh SPK in English 1115 GMT 12 Nov 85

[Text] Phnom Penh SPK November 12 -- A delegation of the Commission for External Relations of the People's Revolutionary Party of Kampuchea [PRPK] Central Committee left Phnom Penh this morning for an official visit to the People's Republic of Hungary.

The delegation, led by Vice President Yos Son, member of the PRPK Central Committee, was seen off at Pochentong Airport by Prach Sun, vice president of the commission, and others.

Hungarian ambassador to Kampuchea, Lajos Karsai, was also present.

EDUCATION MINISTRY DELEGATION LEAVE FOR POLAND

BK121337 Phnom Penh SPK in English 1117 GMT 12 Nov 85

[Text] Phnom Penh SPK November 12 -- A delegation of the Kampuchean Ministry of Education left here this morning for Poland to attend the 6th conference of the education ministers of socialist countries to be held in Krakow.

The delegation led by Pen Nayut, candidate member of the Central Committee of the People's Revolutionary Party of Kampuchea, minister of education, was seen off at Pochentong Airport by Chan Min, vice minister of education and other officials.

Ludwik Klockowski, Polish ambassador to Kampuchea was also present.

TRADE DELEGATION LEAVES FOR EAST EUROPE

BK121335 Phnom Penh SPK in English 1119 GMT 12 Nov 85

[Text] Phnom Penh SPK November 12 -- A delegation of the Ministry of Home and Foreign Trade led by Deputy Minister Phang Saret left Phnom Tuesday morning for an official friendship visit to East European countries.

The delegation was seen off at Pochentong Airport by Poun Ponloeu, deputy minister, and other officials.

Also present were Hungarian Ambassador Lajos Karsai; Polish Ambassador Ludwik Klockowski and the commercial representatives of Czechoslovakia, the GDR and Bulgaria.

COUNCIL OF MINISTERS ACTION AGAINST FOOD SHORTAGE

BK120614 Phnom Penh SPK in French 0430 GMT 12 Nov 85

[Text] Phnom Penh, 12 Nov (SPK) -- The Council of Ministers of the PRK has decided to take some measures to solve the food shortage problem caused by last year's flood and drought.

In a message signed by Council Chairman Hun Sen, the Council of Ministers calls on the people's revolutionary committees of all cities and provinces to bring into play the spirit of mutual assistance and to inform it of problems that turn out to be impossible to resolve.

The people's committees, the message specified, must see to it that needy families are not short of food. It also appealed to the population to promote the production of subsidiary crops, to enlarge the dry-season rice hectareage, and to practice intensive cropping more widely.

It is to be noted that last year's flood destroyed more than 200,000 hectares of rice and 36,000 hectares of subsidiary crops while causing the death of nearly 10,000 head of cattle and a large number of fowl.

As for rice production, because of the lateness of the rains, out of a total of 1.7 million hectares earmarked, only 605,500 were cultivated. Meanwhile, 24,300 hectares were affected by the drought.

HUN SAN ATTENDS AGRICULTURE MINISTRY MEETING

BK150322 Phnom Penh Domestic Service in Cambodian 1300 GMT 14 Nov 85

[Text] A meeting was held at the office of the Agriculture Ministry on the morning of 13 November to discuss agricultural work in the 1985 rainy season, examine shortcomings in the past rainy season, and draw good experiences from the past for implementation in the coming dry season in order to solve the food shortage caused by unfavorable weather in the 1985 rainy season.

Speaking at the opening of the meeting, Comrade Hun Sen, member of the party Central Committee Political Bureau and chairman of the Council of Ministers, noted: Through this year's rainy season rice production, we may draw four new factors to ensure a better yield in the 1986 rice production. In this, it is imperative to pay attention to the production of rice strains, double cropping in each season, promoting timely land tilling with the use of tractors and cattle, and paying particular attention to the maintenance of the existing small irrigation networks. This is in order to contribute to realizing the First 5-Year Plan for economic-social restoration and expansion 1986-90 adopted by the party's fifth national representative congress.

The comrade chairman of the Council of Ministers exhorted all participants to hold in-depth discussion on all problems and shortcomings in the past rainy season in order to draw experiences for the development of the agricultural work in the coming years. In particular, they must pay attention to promoting the dry season rice production to the full and in accordance with the plan set forth by the party and state.

VOICE OF KHMER VIEWS SRV TROOP BUILDUP

BK060904 (Clandestine) Voice of the Khmer in Cambodian 0500 GMT 6 Nov 85

[Text] Impartial news sources have confirmed the report of the Voice of the Khmer Radio last week that the Soviet Union had sent a huge contingent of tanks, artillery pieces, arms, and ammunition by ship to Vietnamese troops in Cambodia in preparation for an offensive on the Cambodian resistance forces during the coming dry season. Mak Ben, charge d'affaires of the Cambodian coalition government in Beijing, stated in a Beijing press conference that two Soviet ships loaded with many tanks and artillery pieces had sailed into Kompong Som port on 24 October. He said that Soviet and East German ships either transported these armaments straight from the Soviet Union or from Soviet military bases at Cam Ranh and Danang Vietnam to Cambodia. He also noted that during the 1st half of October, Vietnam sent more than 11,000 fresh troops to Cambodia and has since sent thousands more every day so that now there are as many as 200,000 Vietnamese soldiers in Cambodia as opposed to only 80,000 Cambodian resistance fighters.

Mak Ben also said that all parties of the Cambodian coalition government have received all kinds of material support that will fully enable them to continue the struggle until Vietnam withdraws all its troops from Cambodia.

Experts of the noncommunist Cambodian resistance forces of the Khmer People's National Liberation Front and of FUNCINPEC [The National United Front for an Independent, Peaceful, and Cooperative Cambodia] stress that Vietnam will surely launch another offensive in this dry season. However, the military experts of the Voice of the Khmer Radio hold that this year's fighting will certainly differ from that in previous years.

Mak Ben stated that now we do not have to maintain forces to protect bases. All our forces are active everywhere. We are in a much better situation than in other years in our struggle against the Vietnamese.

The forces of the three Cambodian resistance groups are operating deep inside Cambodia, sometimes only 12 km from Phnom Penh, and have scored one success after another, such as in cutting railroads, the food transportation lines of the enemy, and his river transportation networks in the densely populated Tonle Sap region.

VOICE OF KHMER SAYS 165 SRV SOLDIERS KILLED

BK151447 (Clandestine) Voice of the Khmer in Cambodian 1300 GMT 14 Nov 85

[Text] According to Voice of the Khmer military sources, CGDK resistance forces launched 27 attacks, mostly small scale, against Vietnamese soldiers.

According to the sources, the Cambodian resistance forces launched nine attacks on Vietnamese positions, ambushed Vietnamese and Heng Samrin soldiers on nine other occasions, and attacked and cut off two sections of railroad track totaling 7,200 meters and two parts of the enemy's transportation routes.

Our news sources reported that during these attacks, 165 Vietnamese soldiers were killed or wounded. Meanwhile, the Cambodian resistance forces suffered 19 killed and 14 wounded.

According to the sources, these swiftly-launched attacks were carried out in various areas as follows: 2 attacks in Samraong District of Oddar Meanchey Province; 2 in Thmar Puok District of Battambang province; 2 in Mongkolborei District of Battambang Province; 2 in Ratanamondol District of Battambang Province; 10 in Santuk District; 4 in Poipet of Battambang Province; 2 in Sisophon District of Battambang Province; 1 in Chhep District of Preah Vihear Province; 1 in Choam Khsan District of Preah Vihear Province; and 1 in Phnum Kravanh District of Pursat Province.

VONADK VIEWS UN RESOLUTION, SRV OFFENSIVE

FK121051 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 11 Nov 85

[Station commentary: "The Le Duan Vietnamese Clique Stubbornly Continues To Escalate Its War of Aggression in Order To Massacre the Cambodian People and Exterminate the Cambodian Race in a More Barbarous and Cruel Manner During the Current 8th Dry Season"]

[Text] On 5 November 1985, the 40th UN General Assembly adopted a resolution demanding the total and unconditional withdrawal of Vietnamese aggressor troops from Cambodia in order to let the Cambodian people decide their own destiny without any outside interference. This resolution was adopted with 114 supporting votes. This is the highest number of votes ever voiced at the UN General Assembly during the past 7 years and is unprecedented in the history of voting at the UN General Assembly. Moreover, the number of votes against this resolution has fallen steadily. The number of votes supporting the past UN resolutions demanding the withdrawal of Vietnamese troops from Cambodia is as follows: 91 votes in 1979; 97 votes in 1980; 100 votes in 1981; 105 votes in 1982 and 1983; and 110 votes in 1984. This year, the number of vote against this resolution fell from 22 to 21.

The brilliant victory won at the 40th UN General Assembly session by the Cambodian people and the CGDK National Army which is also the common victory of peace- and justice-loving countries in the world constitutes another bitter and shameful defeat for the Le Duan Vietnamese aggressors.

This year, before and while the UN General Assembly is holding a debate on the Cambodian problem [passage indistinct]. When the UN General Assembly began debate on the Cambodian problem, the Vietnamese aggressors continued to launch deceitful propaganda saying that their puppets in Phnom Penh agreed to hold negotiation with the CGDK. But, all these object deceitful maneuvers launched by the Le Duan Vietnamese clique have been rejected by the world community. This vote by 114 countries in support of the UN General Assembly's resolution demanding total withdrawal of Vietnamese troops from Cambodia clearly proves that:

1. The world community does not accept the Vietnamese acts of aggression and annexation against Cambodia as a fait accompli.
2. With each passing year, the world community has become well aware of the true face of the Vietnamese acts of aggression, expansion, annexation, and extermination against the Cambodian race and the Le Duan clique's tricky and cunning nature.
3. The World community has given more vigorous support to the struggle waged by the Cambodian people and the CGDK.

Thus, the Le Duan Vietnamese aggressors are faced with a total impasse both politically and diplomatically. They have no alternative except to follow the sacred aspirations of the Vietnamese people as well as that of the Cambodian people by abiding by the seven resolutions of the United Nations, that is, withdraw their aggressor troops totally and unconditionally from Cambodia in order to let the Cambodian people decide their own destiny without any outside interference. Only by doing this will the Vietnamese aggressors' most destructive war against the Cambodian people be put to an end and will the most serious misery experienced by the Cambodian people as well as the Vietnamese people during the past 7 years be eradicated.

The Cambodian people who are the victims do not want this most destructive war to continue even for a day or for a minute. The sole aspiration of the Cambodian people and the CGDK is for peace to be restored quickly in their fatherland so that they can reunite with their families, friends, and relatives and be able to rebuild a proper life in an independent, peaceful, neutral, and nonaligned Cambodia. Out of the desire to realize this sacred aspiration, Samdech Norodom Sihanouk, president of Democratic Kampuchea, made a 3-point proposal for the settlement of the Cambodian problem in his speech at the 40th UN General Assembly debate on the situation in Cambodia held on 4 November 1985. The following is Samdech Sihanouk's speech in this connection: In the name of the CGDK with myself as president, I would like to put forward the following proposal to the SRV if it agrees with us to respect and implement the UN resolutions on Cambodia:

1. The CGDK solemnly promises that it will not take revenge against Cambodians who have cooperated with Vietnam. These Cambodians will have their rights as other members of our national society.
2. In the spirit of reconciliation and unity, we will provide appropriate positions in our national administration to members of the Heng Samrin-Hun Sen group who have professional skills.
3. We are ready to sign with the SRV Government a treaty of peace, nonaggression, friendship, and cooperation in the technical, cultural, and economic fields.

This proposal by the CGDK responds to the sacred aspirations of the Cambodian people and the concrete situation at present and in the future when our two countries and peoples of Cambodia and Vietnam must coexist peacefully in accordance with the principles of respect for each others' independence and sovereignty, nonaggression, and noninterference in each other's internal affairs.

But, now as in the past, the Le Duan Vietnamese aggressors have turned a deaf ear to the sacred aspirations of the Cambodian people as well as the demand of the Vietnamese and world people by stubbornly escalating the war of aggression and continuing to massacre the Cambodian people in a more barbarous and cruel manner at the beginning of this 1985-86 dry season. As a matter of fact, they have sent a large number of troops and war materiel to the Cambodian battlefields and are busily preparing for another large-scale offensive against the Cambodian refugee camps along the Cambodian-Thai border in order to sow more destruction and misery on the innocent Cambodian people. At the same time, they have intensified recruitment of Cambodian soldiers forcing them to serve as reinforcements and replacements for the Vietnamese aggressor troops in accordance with their abject slogan of using Cambodians to fight fellow Cambodians. Moreover, they have continued to force tens of thousands of Cambodian people throughout the country to clear brush, build roads and military installations, dig trenches for them in the western region of Cambodia, and force them to serve as a shield for the Vietnamese soldiers by walking through minefields and battlefields before the Vietnamese soldiers, thus causing casualties among tens of thousands and even hundreds of thousands of Cambodians every year. Moreover, they have carried on their Vietnamization of everything in Cambodia by sending more Vietnamese nationals to settle permanently on fertile land in Cambodia. There are now about 700,000 Vietnamese settlers in Cambodia. The Le Duan Vietnamese aggressors have also carried out dark maneuvers to disperse the Democratic Kampuchean forces by trying to sow discord among CGDK factions, the international front supporting the Cambodian people's struggle, and the ASEAN countries in particular.

In the face of these Vietnamese maneuvers and the Le Duan clique's obstinacy in carrying on its war of aggression and genocide against Cambodia, the Cambodian people and the CGDK call on all peace- and justice-loving countries and peoples to give more vigorous support to their current just struggle for national liberation and the defense of their race. The Cambodian people call on these countries and peoples to further put all forms of pressures -- politically, diplomatically, financially, and economically -- on the Le Duan clique in order to force it to sit at a negotiating table aimed at making it withdraw all its aggressor troops from Cambodia in accordance with the relevant UN resolutions.

Availing themselves of this auspicious occasion, the Cambodian people, the Democratic Kampuchean National Army, and the CGDK would like to once again express their profound thanks to all peace- and justice-loving countries, peoples, mass organizations, and public figures who have supported and are giving wholehearted support to the Cambodian people's just cause against the Le Duan Vietnamese clique's war of aggression and genocide.

MILITARY OFFICER ON SRV'S DRY-SEASON OFFENSIVE

HK141108 Hong Kong AFP in English 1036 GMT 14 Nov 85

[Text] Bangkok, Nov 14 (AFP) -- Vietnamese forces in western Cambodia may have begun their seventh dry-season offensive against Khmer resistance guerrillas since invading that country in late 1978, a high-ranking Thai military officer said today.

Major-General Kamon Udomsin, director of the Army secretariat, described a clash which occurred yesterday between Vietnamese troops and pro-Chinese Khmer Rouge guerrillas near Thailand's border as "the first phase" of such an offensive.

Four Thai villagers were wounded during the clash when Vietnamese gunners fired artillery shells across the border into Khlong Yai District in Chanthaburi Province, about 319 kilometers (191 miles) east of here, a Navy officer said.

Khlong Yai District, a narrow strip of coastal land, is located at the southernmost end of Thailand's 720 km (450 miles) long border with Cambodia and is under the authority of the Navy.

The officer, who asked not to be named, said a village of 600 was evacuated when about 10 Vietnamese stray shells landed on Thai territory, destroying ten houses and prompting Thai gunners to fire smoke shells and 105mm guns to warn Hanoi's artillery. He said the Vietnamese troops were engaged in a ground assault against a Khmer Rouge sanctuary in Cambodia near the Thai border. The assault drove into Thai territory about 100 guerrillas of the 415th Division, who were immediately pushed back across the border by Thai marine.

The situation had returned to normal after the brief cross-border incident, the officer said.

Thai military officials have predicted imminent renewed Vietnamese attacks against Khmer guerrillas of the Coalition Government of Democratic Kampuchea, the umbrella organisation recognized by the United Nations as Cambodia's legal government.

Western military experts however say the Khmer guerrillas' tripartite alliance now fields only small units along Thailand's border since the Vietnamese forces chased them out of their border bases during the last dry-season from November last year to March.

Vietnam, which has fielded an estimated 150,000 to 170,000 troops in Cambodia since invading the country late 1978, has recently conducted troop movements apparently aimed at reinforcing its grip on the border to prevent guerrilla infiltrations, according to Thai and Western military officers.

PRC'S LIU SHUQING ARRIVES FOR 3-DAY STOPOVER

BK130233 Bangkok THE NATION in English 13 Nov 85 p 5

[Text] Chinese Vice Foreign Minister Liu Shuqing said yesterday that Vietnam will continue to use force to solve the Kampuchean conflict.

Liu, who arrived from New Delhi yesterday for a three-day stopover in Bangkok en route to China, said that so far Vietnam has not changed its attitude -- that the Kampuchean problem can be solved only militarily.

"Eventually, the Kampuchean people will expel the foreign occupants," Liu told THE NATION.

Asked whether there has been any shift in the Indian stand towards the Kampuchean problem, Liu simply said that the Indian Government only mentioned that India does not condone any foreign force violating the sovereignty of another country. He did not elaborate.

During his stay, Liu will meet with senior Thai officials, including Foreign Minister Sitthi Sawetsila and Permanent Secretary for Foreign Affairs Asa Sarasin on bilateral issues. "We do not have any specific issues to discuss. We will confer on matters of mutual concern," Liu said.

An informed source said that the Chinese minister will be asked to brief Thai officials on the current relations between China and India and the progress made during the border talks last week in India.

The ten-member Chinese delegation includes Yang Zhenya, director of Asian Department, and Zhou Gang, deputy director of Asian Department.

Liu is scheduled to call on Sitthi this afternoon and Asa will also host a lunch in his honour.

Meets Sitthi

BK131509 Bangkok Domestic Service in Thai 1300 GMT 13 Nov 85

[Text] Director General of the Information Department Sawanit Khongsiri reported that at 1100 today PRC Vice Foreign Minister Liu Shuqing held talks with Foreign Minister Air Chief Marshal Sitthi Sawetsila at the Foreign Ministry. They discussed the Cambodian issue and bilateral issues. Regarding the Cambodian issue, the PRC vice foreign minister said that during his visit to India, he had discussed the UN vote on the resolution on the Cambodian problem.

Many countries support the UN resolution on the Cambodian problem and call on Vietnam to withdraw its troops from Cambodia. He added that about 2 months ago China sent officials and journalists to Cambodia and made a film, which proves that the Cambodian people still support the DK government and are trying to drive the Vietnamese out of Cambodia. The DK forces have operated deeper inside Cambodia. Fierce fighting is expected in the coming dry season, and Vietnam will seal off the border areas to block the resistance from going to fight in the inner areas. However, China thinks that Vietnam will not be able to eliminate the resistance forces.

The PRC vice foreign minister said that the Cambodian issue should be solved through political means by using pressure in the United Nations to force Vietnam to withdraw its troops. China still insists on its policy as long as there are still Vietnamese troops occupying Cambodia.

Concerning bilateral issues, the PRC vice foreign minister and the Thai foreign minister talked about cooperation in economics, technology, and investment. A joint meeting of deputy foreign ministers will be held in Beijing in December.

Meanwhile, Deputy Foreign Minister Second Lieutenant Praphat Limpaphan, who also joined the meeting, thanked China for buying 700,000 metric tons of sugar from Thailand. China said that it would be willing to help Thailand in the future.

INDEPENDENT WINS BANGKOK GOVERNOR ELECTION

BK150110 Bangkok Domestic Service in Thai 0000 GMT 15 Nov 85

[Text] Bangkok Governor Asa Meksawan announced the results of the Bangkok Governor elections at 0245 today as follows:

Candidate No 1, Adison Isi, received 4,777 votes;

Candidate No 2, Samit Samitthinan, received 3,706 votes;

Candidate No 3, Mongkhon Simarot, received 63,483 votes;

Candidate No 4, Chana Rungsaeng, received 240,810 votes;

Candidate No 5, Chingchai Topradit, received 12,034 votes;

Candidate No 6, Anan Phakpraphai, received 2,022 votes;

Candidate No 7, Police Major General M.R. Chetchan Prawit, received 140,106 votes;

Candidate No 8, Major General Chamlong Simuang, received 479,798 votes;

Candidate No 9, Police Colonel Khian Rattanasuwan, received 1,888 votes;

Candidate No 10, Mrs Sunari Santithararak, received 1,275 votes

Maj Gen Chamlong Simuang, candidate no 8, has now won the elections. The Bangkok governor disclosed that a total of 980,418 out of 2,831,371 eligible voters, or 34.63 per cent, voted in the election. The number of invalid ballots was recorded at 3,121 or 3.07 per cent. The results of the elections showed the unprecedentedly high voter turnout. The Bangkok governor said that he could hand over his post to the new governor within a week of the election day. The Bangkok governor also revealed that the Bangkok city assembly election results would be announced later today.

Voter Turnout

BK150115 Bangkok BANGKOK POST in English 15 Nov 85 p 3

[Excerpt] Heavy voter turnouts were registered in the Army-dominated Bang Khen and Dusit Districts and all were in favour of Maj-Gen Chamlong Simuang, but the turnouts near Air Force and Navy bases was disappointingly low.

The turnouts in these areas were not as high as expected, following Army Commander-in-Chief Athit Kamlang-ek's appeal for the military and their families not to vote for party candidates.

The BANGKOK POST's own survey, which covered 34 polling stations in the Army-dominated districts showed that only 7,894 out of a possible 29,005 eligible voters cast their votes, representing 27.2 per cent (excluding invalid ballots). Of that, 6,620, or 83.9 per cent of the turnout, voted for Chamlong, while the Prachakon Thai candidate M.R. Chetchan Prawit came a distant second.

NATION Editorial

BK150113 Bangkok THE NATION in English 15 Nov 85 p 4

[Editorial: "Red-Letter Day for Chamlong and Bangkok"]

[Text] Our heartiest congratulations to Maj Gen Chamlong Simuang for the landslide victory and the voters of Bangkok on the result of yesterday's gubernatorial elections. Chamlong trounced his nine opponents by waging a persuasive but non-aggressive campaign and without having the support of a highly organized political party and its finances. This is an extremely good sign since it shows that the voters weighed the individual merits of the contenders and were not influenced by the campaign strategies of the major political parties.

Since the war, in every free and fair elections held in Thailand, Bangkok has been the stronghold of the Democrat Party. But serious inroads were made into this monopoly when Prachakorn Thai soundly defeated the Democrats in the last general elections. After licking their wounds for some time, the Democrats came back strongly in the last by-election in Bangkok for electing a member of the House of Representatives and defeated the Prachakorn Thai candidate. But now they must again lick their wounds and find a new formula.

The weather did not at all lend a helping hand -- it was murky all over the city with drizzling in some areas and heavy showers in some others. But voters braved the bad weather -- or in some areas potential rain -- and went to the polling booths. We had been extremely happy to note that democracy was catching up in the provinces at the grass-roots level and were wondering why the city-slickers were not showing that kind of interest.

Perhaps it is true that the citizens of Bangkok turned out to cast the ballot only because the election of the governor and City Assembly of Bangkok was of immediate concern to them. But we doubt that could be true. What we hope is right is that there is a groundswell and that the elite are catching up with the provincials -- which is an extremely good sign because democracy has to be built up in a pyramidal structure.

The high voter turnout should definitely have helped Chamlong because it was said that, during the last by-election for an MP, only the hardcore party supporters cast their ballots. If this is true it augurs well for the new governor because it would mean that his support was broad-based. But a landslide victory also has to be accompanied by added responsibility because the city dwellers have placed their faith in him to solve the problems facing them.

But this is not the time to talk of problems. This is a time for jubilation for several reasons. It is a time of jubilation that a popular man, somewhat ascetic and a vegetarian, has captured the imagination of the urban population. It is a time for celebrating the fact that Bangkok has a elected governor after 10 years. It is also a happy occasion that Bangkokians have discovered the power of the ballot box.

ARMY RADIO CRITICIZES POLITICAL PARTIES

BK121328 Bangkok First Army Division Radio in Thai 2300 GMT 10 Nov 85

["Army Meets the People" program]

[Text] Dear listeners: In October and November, people in the Bangkok metropolitan area have encountered democratic methods more frequently -- the Bangkok by-election on 19 October, the upcoming Bangkok governor's and councillors' elections on 14 November, and the district councillors' elections on 21 October. All these elections are considered phenomena that give the masses knowledge and understanding in using their sovereign power concretely, not just as words on paper or dreams. The recent election -- the by-election in northern Bangkok districts on 19 October -- gave the people a worthwhile lesson in both the good and the bad, from which we can learn such things as election methods, the behavior of government officials, and the role of politicians who have exposed their real faces in different forms. All these are considered worthy political appearances. They are like a mirror reflecting facts and the question of why only 22.4 percent of the total population voted. We have discovered and seen things we had never thought and dreamed of, such as politicians trying to condemn the opposition with fierce accusations, money dumping, hooligans trying to intimidate people going to vote, and some using their great authority to force their subordinates to do things to benefit their own parties.

Dear listeners, all these things still exist and can be seen in underdeveloped and developing countries, and even in developed countries. It is not necessary for us to waste our brains and time finding the causes. In Buddhist theology, it is called sensuality. They want to become this and that. Initially, they want to be members of the House of Representatives. After becoming MP's, they want to become ministers so they can show off their moustaches, skin, and curly hair to beautify their ugly faces. That is all.

Nowadays, all political parties and almost all politicians in announcements of their policies, their conversations and their speeches talk about democracy and the people from senior professors to poor child vendors selling garlands. For methods of councils at all levels -- whether from the district level or others -- anyone who opposes, runs counter to, or does not mention the people is considered a bad person and an enemy of the country and the people.

Our democratic system is more than 50 years old -- an age at which ordinary people like us are near retirement. But, our old democracy is still stunted like this. What is the reason and who can we accuse? If a child grows slowly, we blame those raising him for giving him bad food and inappropriate treatment. But, regarding our democracy, who we can blame? We will accuse those who have raised it. Then, who are the ones who cherish and look after democracy? The answer is the people. We have taken too little interest and given too little attention to it, so our democracy remains like this.

Democracy's food is the sovereign power of the masses -- the people's exercise of their rights. When only 22 people out of 100 went to exercise their rights; and the other 78 abstain, what happens? What the 22 people have said represents all 100 while the other 78 might differ with them. Please consider that 22 is a small enough number of people to be bought. The people who want to buy them are the monopoly capitalists -- the puppets of foreigners who are trying to seize our country. These foreigners have failed in their efforts to control our country by force, policies, and tricks.

Dear listeners, does this mean that the hooligan countries have discovered a prospective path for subjugating Thailand and the Thai people? They will seize our Parliament, right?

The "Army Meets the People" program today wishes to inform listeners about how, in what ways, and when they do it. It is not too complicated to understand.

In the first stage, a foreign country takes into consideration a financially weak political party. The party must comprise politicians who peddle ideology for breakfast, lunch, and dinner and who are commercial-minded -- thinking only about making money. The party must comprise politicians who operate dirty businesses, such as gambling dens, ore smuggling, rubber price manipulation, heroin trafficking, fraudulent chit funds, and so forth. The nature of such people guarantees that they can sell anything, even their own country. They might sell themselves and then the country to establish themselves financially or send their children abroad to school.

Once the hooligan country picks its sufficiently evil party, it begins to provide it with funds, to the tune of 4 or 5 billion baht, which it considers a small amount. If it can operate spacecraft and build nuclear bombs each worth billions of baht, the amount it can spend to gain control of a country is certainly nothing. The tips it receives for waging wars in places around the world is more than it gives such parties. Once the money is obtained, leaders of such parties skim off some money and use the rest to launch so-called country-swallowing projects, such as establishing junior party cadres to brainwash poor children and university students to revere party officials by painting pretty pictures of the party. Other projects include recruiting suitable, adventurous people by promising them positions once elected as MP's. Who can deny such opportunities? Sometimes the party recruits ex-convicts and promises that if they are elected they will be given posts controlling the police. Some recruits are ore smugglers and are promised a navy to smuggle ore.

Listeners, we would like to warn you in advance of these examples so you can prepare yourself to face a grim situation that can come about.

After a foreign country has chosen political parties with politicians meeting its requirements, the process of electing members of Parliament begins -- in the sense of campaigning, of course. Large sums of money are spent, although the law allows 350,000 baht per candidate per election. Some candidates of such parties laugh hard at the allowable sum because it is less than the cost of printing leaflets and erecting campaign posters and stages. An obvious example is the fact that there are at least 10 campaign posters costing at least 20 baht each and every kilometer along every Bangkok street, at least 200 baht for every kilometer. Bangkok has no less than 200 km of roads and its area is about 2,000 square km, making the cost of posters alone some 600,000 baht. What about the expense of no less than 300 baht for each person controlling each of some 500 polling stations? Some parties have other expenses for entertainment, buying identification papers, paying thugs to bully people, and so forth. Some parties can spend 5 million baht for each candidate, while some may need a budget of 20 million baht. This is just for one province. How much does it cost for all the provinces throughout the country?

Listeners, that was the process of applying for candidacy in underdeveloped countries. Now we reach the stage at which a candidate is elected. From the process mentioned, it can be said that the votes were obtained through organization and vote buying; the number of votes based on the candidate's real popularity is probably less than 20 percent of his overall vote. But the elected MP still manages to hold his head high and thank the people; it is just a psychological operation to support his future operations. Now the party tries to put the elected MP's in the posts they were promised. This is when operation revenge takes place. The ore smuggler gets revenge on the officials who arrested him in the past. These officials can prepare to be transferred.

Listeners might be surprised by now that we have not gotten to the part about the country, democracy, or other pleasant things, such as the economy, the Constitution and so forth. No, not yet. They must come later. The party is studying its financial situation as a result of its investments. The investments must be repaid first. The millions of baht the party invested must be regained. From where? From the positions allocated to the MP's, of course. But it requires some time -- from 2 to 4 years -- for the party to make a large sum of money. If it takes 4 years, the term of the MP is up. Listeners may now wonder what time MP's have left to create democracy or to improve the well-being of the people. No, not yet. As long as the party has not gained wealth, how can people gain wealth?

Dear listeners: Please do not be too desperate. Our country is never short of good and capable men. The very low voter turnout may be because the people are fed up with the situation within the context we are discussing. Could it be because of the people's rejection of the parliamentary system? How then could democracy have survived for 50 years in our country? The answer to this is hope. A man feels desperate if he is without hope. No, not yet. The people always have their hope which enables them to stand firmly. They can stand up because of the support from the institution of the monarchy.

The people always have those who can support them, give them relief, and light the light of hope for them. That is the national Army. The Army has never abandoned the people who are its master. The Army is steadfastly sincere to the people. The Army is always on the forefront regardless of danger. The Army is like water, soothing and providing hope to the people. This is because the Army realizes that there are still many more good and capable men. We believe in the proverb which says Ayutthaya is never short of good men.

Therefore, political parties which are the hirelings of foreigners still had to face obstacles -- that is, from the national Army -- in their efforts to sell out the country and people. In this connection, those political parties automatically consider the Army as an enemy. In short, the national Army constitutes an obstacle to the act of selling out the country. As a result, the Army has become the target for attacks by those tainted political parties. Thus, the Army has been accused of being a dictatorial enemy of democracy, an obstacle preventing the growth of democracy. Those tainted political parties also malign the Army intending to isolate it from the people. They have tried many times to sow division within the Army. All problems and conflicts within the Army are the work of those underlings of foreigners. When they see that the country is peaceful, they spread rumors to create an atmosphere of conflict. They use leaflets, spread words, dump money to influence publications. Do you believe that even leaders of those polluted parties sometimes overlook their high positions and do it themselves by saying something like there seems to be confusion in the country, or a possible coup d'etat, or an attempt by the military to destroy democracy, and so on.

Dear listeners: Are they speaking responsibly? What do they desire for the country? Would they be happy to see a coup d'etat? Of course, this is what they want. It is the common desire of those who failed in jungle revolution and those who failed in urban revolution. They are united in trying to create new conditions for carrying out a new strategic plan. This is nothing unusual except for the fact that they are now conducting their plan through political parties, through a certain political party which can be bought so cheaply.

Dear listeners: Do you believe that in addition to their effort to smear the reputation of the Army in the eyes of the people, those devilish party members ever tried to drive a wedge within the Army. This kind of an instigation even resulted in clashes within the Army ranks. Fortunately, due to the farsightedness of commanders in the Armed Forces, everything that took place in this country ended peacefully.

Moreover, those devilish people suggested awards and promotions for members of the conflicting parties despite the fact that there are no winners or losers in such events. They tried to drive the wedge deeper into the hearts of those people involved.

Dear listeners: Instead of suffering a decline in their image, the national Army has gained better unity than ever before. This is because the enemy of the country, by so doing, has displayed itself more clearly to the Army and the general public as well. Have you seen the hooded man, dear listeners?

Dear listeners: The national Armed Forces, especially the Army, through the supreme commander and army commander in chief, reiterated time and again that its aspiration is to struggle for an expansion of individual freedom and the people's sovereign power. The Army is making efforts fully and consistently so as to enable the people to gain sovereign power and make use of that sovereign power to truly serve democracy. What is the use of demanding democracy if we lose our sovereign power to domination and influence by other kinds of power, namely the power of money, interests, foreign manipulation, and most importantly by those who crave power, wealth, and benefits. Those are the kinds of power which delay and deter the course of democracy. Will the people be able to achieve democracy if sovereign power is in the hands of opportunists, thugs, and unscrupulous capitalists who think only of their own benefit?

Dear listeners: The Army cannot remain idle when faced with such a situation. The Army fully realizes that it has become the target of subversion and destruction. The Army has been portrayed as an evil element and an enemy of democracy despite the fact that the Army has all throughout been trying to cherish and support democracy. The Army will return the sovereign power claimed by those evil gangs to the people who are their proper master. The Constitution makes it clear that sovereign power comes from the Thai people and the exercise of sovereign power must be approved by the Thai people. Any attempt to distort sovereign power into the power of money or of personal benefit by using democracy as a pretext must be destroyed immediately by the national Army.

Dear listeners: A topic we must discuss today is the role of political parties which lack responsibility towards national interests and put party interests above national interests. In any matter concerning the life and death of the nation, such a political party would be ready to forsake national interests for the sake of party interests, such as when it would affect the party members' vast business holdings or the party's popularity. This is the factor which weakens the political power serving democracy. Another factor which weakens political power is the power of monopoly capitalism, directly and indirectly, over several political parties in developing countries. Monopoly capitalism files its representatives in the form of political parties and politicians in order to establish a foothold in the legislature and later on to hold the reins in all three branches of political power -- legislative, executive, and judicial. The three branches of power thus come under monopoly and those who benefit are those at the top. In the case of our own country, about 3 million monopoly capitalists stand to benefit from it whereas about 47 million people will only share from what is left over. Should it be like that?

Our country has had a democratic system of government for a long time now, but to what extent have our various systems -- political, economic, and social -- undergone changes? Whether or not a system is good depends on its components, especially the political component. We cannot have much hope if our system still remains polluted. A flashlight cannot give you a better light if you only put in a new bulb without changing batteries -- if you keep old and rusty batteries in it. The rust represents bad politicians and political parties.

Dear listeners: We have talked time and again about democracy, especially the democratic system. Many of you may already be confused from listening too much. I would like to remind you here again that the democratic system for us means a system that answers to the needs of the people, has the king as head of state, and has sovereign power based on the people and properly balanced with the freedom of the individual. Under the democratic system, there must be strong political parties that truly represent the people and do not stand for other interests. Under the democratic system, there must be political stability. National policy must be correct and respond to the people's aspirations. The bureaucracy should be democratic.

This is what a democracy should look like. This is the light we are looking for. Have we already seen glimpses of such a light of hope? It seems that we will have to make additional efforts, no matter how long it takes. What we fear is that the people might become too tired and lose all hope. We would like to tell you that the democratic system as well as all its mechanisms are good and something we can achieve if those working for it are sincere towards democracy and if they are not overburdened by their concern for personal gains. Our immediate problems come from the political system, which is full of loopholes, shaky, and lacking positive direction. We must pay attention to the several factors of the political system, such as political parties, politicians, and political knowledge suitable to the general public.

We would like to remind misled political parties that they should shift their stand and adopt a correct line. Let us adopt the line of true democracy. Moreover, politicians should put national interests above party interests. Is that possible? Turn the conflicting trend into that of a constructive momentum instead of a destructive drive. Stop thinking of killing each other with weapons. Politicians use words as their weapons to destroy others. They claim to represent the people and receive protection from Parliament. Journalists use pens as their weapons. Photographers use cameras as their weapons. Lawyers use legislation as their weapons, for example. All of them are making full use of their respective weapons to destroy one another, making trouble for the general public all over. They sometimes go too far and wage war on the military. What would happen if the military were to join the fray using their real weapons? It would be real trouble. What would the people have left to serve as a supporting force? We would have to start anew from what we used to be in the dinosaurs' time. How would the spirits of our ancestors feel if they see our country being treated so badly by younger generations?

Dear listeners: The "Army Meets the People" program today does not intend to make you feel so disappointed, hopeless, or resigned. No matter how gloomy the path lying ahead of us may look, our people are not without guidance. The national Army is always there beside you, sharing miseries and happiness with you, ready to protect you with a dutiful conscience. It will help you to have a light of hope for the future path of democracy. The Army will sacrifice itself physically and morally in the service of guiding to the people by braving on all obstacles coming from bad people, interest groups, and inhuman elements.

Before concluding our program today. We would like to quote the writing by Ramchitti dated 16 November 1914 that says: I would like to remind my Thai compatriots that, first, they must not forget that they are Thai nationals. Second, they must not forget that the Thai nation must be genuinely free. It can never be subjugated or under the protection of any other nation, no matter how prosperous that country may be. Third, they must not forget that the Thai people have their own faculty of thought and they can never allow other people to think for them. Fourth, they must not forget that Thailand is their native land. Their fathers, mothers, and relatives are Thai. Although they may be educated abroad or come into contact with other countries in doing business, they must be loyal to their king and to their country. No matter how much other countries have given them, they must feel most grateful to Thailand because Thailand is their motherland.

Defends Army

BK131412 Bangkok First Army Division Radio in Thai 2300 GMT 11 Nov 85

["Army Meets the People" program]

[Excerpts] Good morning listeners: The Army Meets the People program today will touch on something many people are still unaware of. Yesterday we talked about democracy in our country which is described as something beautiful, but not fragrant. In other words, this beautiful thing has no odorous substance to match its beauty. Moreover, it cannot be said to be spotless. This does not mean that democracy is full of weak points and disadvantageous features. It is so only when certain persons make it serve their personal gains and the gains of their parties by changing the purpose of democracy. This makes the whole scene look deplorable.

Politicians and academics explain such a situation by attributing it to the national characteristics of the Thai people, that is their lack of such things as enthusiasm, discipline, and basic education. Only the intellectuals, the ruling elite, and the upper class understand what democracy is. In this connection, democracy favors those in the upper class who constitute only a minority group. Later it becomes automatic that democracy serves the interests of the minority at the expense of the majority. That means the middle and the lower classes stand to suffer. Please do not argue that we do not have classes. If we want democracy, we must speak facts.

We want a democracy that will achieve sovereign power for the majority. This problem is still not settled because many people and many groups still do not understand what true democracy is. Many think that having democracy means having a constitution, parliament, political parties, and government. How can we have democracy if the Constitution we have is drafted by only a handful of people, especially by those who are gambling den operators, crooked lawyers, and capitalists who are obsessed by business matters, ambition for high positions, and power? A constitution drafted by such people would be no different from the code of crooks or contract of traders.

The Constitution is not democracy in itself, but only rules and regulations defined under the spirit of democracy. A good and correct constitution must be the work of pure and honest democrats who represent the people and who draft the constitution for the interests of the people on the basis of realities. Now let us look at our Constitution. Does it meet this criteria? We have already said that there is nothing wrong with the previous efforts to amend the Constitution. A good constitution must answer the needs of the people, the times, and the changing conditions.

The constitution must be drafted by those having the sovereign power, that means the people. Yet, how can 40 to 50 million people draft the constitution? This is why we must elect representatives to do this. They are what we call parliamentary representatives. What is strange is that instead of picking good men and giving them our mandate, we wait for people to apply for the job. The process is called contesting the elections, according to the official term. There are several kinds of elections depending on levels and systems, and the kinds of laws the representatives are drafting. It is strange, dear listeners. Everyone knows that the job requires a great deal of hard work, sacrifice of time, personal interests, and personal freedom. Yet, there is a scramble for this job. Are those people rushing and contesting just to be able to make sacrifices for the country? Are there many such people? Some of them even sell their houses and property just to invest in the elections. The Army Meets the People program believes that there are certainly quite a few such noble people who are ready to make sacrifices for the country. But we also have the other type of people who from now on we will call politicians who do not have the sense of self-sacrifice for national interests.

This category of people takes advantage of the elections to achieve high positions so that they can later make as much money as possible for themselves and their associates. This is why they cannot afford to lose the elections and must therefore invest everything they have in the races in order to win. If they do not have enough money to use in the elections, they seek more funds from other sources. Therefore, if these people get elected, they will have to pay back their capitalists in some form of service.

The duty of MP's is not restricted to drafting legislation. Some of them may also hold high administrative posts which means a golden opportunity to make money. In short, these people once elected will do whatever possible to recover the money they invested in the elections -- their own money or the money they borrowed from capitalists. In order to recover the money invested, these people will resort to fraud. Well, the whole affair begins with the word sacrifice and ends with the word fraud. How nice does that sound?

Dear listeners, we have given a title to today's talk: "Political Frauds," and now we have come to the word fraud. We are now going to discuss those frauds. We do not have to consult a dictionary for the meaning of the word. Let us say that it means dishonest practices for the sake of selfishness, something which is contrary to what is good and proper. We are talking about frauds by those who aspire to win elections and get administrative positions so they can commit even bigger frauds.

Dear listeners, the fear that the people might reject the parliamentary system may be valid. It might be caused by people's disapproval of dirty campaigns as well as by their loss of confidence in MP's. The numbers of voter turnouts have become less and less. We sympathize with the people. Some MP's have personal data unacceptable to the people. In such a situation, some have asked what is the position of the national military, and what role it will play?

Dear listeners, the military has been discredited. It has been accused of being the master of dictatorship because it has been an obstacle to those bad persons. The people have placed too much trust in the military. So, the bad persons realize that they will not be able to survive if they lack the support and trust of the people. Their priority is to isolate the people from the military. This is necessary so they can pretend to be the protector of the people in the future. It is generally understood that the dictatorial system is a bad system and is the only system that the communists can take over. But, the democratic system also is capable of defeating the communists. The military, therefore, has been very careful to do away with the dictatorial system. It has carried out its efforts concretely, which can be proved. The military has mapped out political offensives with democratic measures, and it has been able to gain one victory after another. The military has played a role in developing and promoting the democratic system, and in making it belong to the masses. It has come out not only to announce the military's intention of promoting democracy, but it also has acted to accomplish this task quickly.

Democracy can be developed well only when the people and government officials are aware of and pay more attention to the country's affairs by exercising their voting rights to choose good MP's to administer the country. In developing democracy, it is necessary to develop the politics, economy, and society through parliamentary means and the MP's should improve and amend laws, and supervise the state administration. MP's should exercise their rights in issuing laws correctly for the sake of the people and country, not for the interests of a small minority, or party or group. Similarly the cabinet has the administrative power to direct officials of each ministry to carry out its policy.

If the persons with authority have set up policies for the sake of the people and the country, and supervised the implementation closely, they are said to have used the power of democratic administration correctly. Whether the state authorities are good or not depends on the election of good MP's. Whether the government is good or not depends on the people who exercise the voting rights. If the people understand the policy and ideology of the parties of the candidates, they will get the benefit they desire. The people should choose parties which have democratic ideology and guidelines, show honesty and sincerity, and think of the interests of the general public.

Another important factor for developing democracy is to educate the people to be real democrats with the following roles: having faith in the democratic system, respecting the laws, having the will to study and help solve problems in the community, cooperating in activities that benefit the general public as a whole, and helping correct some values in the society and establishing new values in the democratic system. If we can develop the system within these guidelines, no one will be able to deny that the sovereign power belongs to the masses, and no one will be able to use other powers to dominate this sovereign power. Please think of the power of the nation, not other kinds of power. Otherwise, the country will collapse. Please give the new generation democracy so it will have a bright future, and please give the hope of sovereignty with sincerity.

Column Denounces 'Tirade'

BK140820 Bangkok BANGKOK WORLD in English 14 Nov 85 p 6

[From the "Political Periscope" column]

[Text] The ferocious attacks on political parties by the Army through its radio network on the eve of the city elections scheduled today has raised a host of questions as to the real motive and role of the military in respect to politics and democracy. And whether such an action by the Army is proper is a subject worth debating.

The airwave tirade against political parties and party system in specific was first broadcast in the "Army Meets the People" programme on Monday and continued the following day in greater frequency in the same programme and also in the morning Sayamanusati programme.

Apart from accusing political parties of self-interest and insincerity towards the people who gave them the mandate of government, the Army radio made serious charges against a particular party, branding it of being traitorous by selling out itself and the country to a foreign power.

The Army's verbal attacks, evidently without the support of substantial evidence, quickly drew angry response and counter-charges from various politicians, especially those of the Democrat Party.

Education Minister Chuan Likphai, a Democrat, said that he suspected the Army's move stemmed from its fear of seeing party system strengthened in this country and thus posing a threat to the military establishment.

But because of the timing of the broadcast which came only three days before the crucial city governor's election and the harsh tone of the broadcast, the general feeling among the Democrats was that the Army's move was intended exclusively against the Democrat Party whose candidate, Mr Chana Rungsaeng, stands as good a chance as another frontrunner, Maj-Gen Chamlong Simuang, of getting elected in the polls today.

Even though the Democrat Party's name was not mentioned at all in the radio programmes, listeners who are keeping themselves abreast with the Democrats' election campaigning can unhesitatingly and correctly assume that it was the Democrat Party that the Army had aimed its tirade.

The message from the Army can be translated more or less as the following: Stop the Democrats from winning the election and further expanding its political base.

Undoubtedly, the Democrats have made significant headway to recapture its stronghold in Bangkok by winning the two previous by-elections in the City. But the successes were not achieved by any illegal means, but through hard work by certain party members and, above all, the introduction of the unconventional door-to-door approach, which has unfortunately been viewed with suspicion by certain military officers and politicians as communist-inspired tactic.

For any reasonable lay man, it is extremely difficult to understand why the Democrats should always be treated with suspicion by the powers-that-be in the Army.

If the "traitorous" accusations made by the Army radio are well founded, then legal action should be meted out immediately against the culprit because of the severity of the offence -- and not by allowing the culprit to go free and, worse yet, to contest in the election today.

Nobody has doubted the sincerity of the Army towards the people nor has questioned its role in the development of the country. Soldiers and civilians are inseparable, so said Lt-Gen Phichit Kunlawanit, commander of First Army Region.

But the Army, as an important supporting pillar of democratic rule, should act as a true custodian of democracy. How can democracy prosper here without a strong party system? The failures and collapses of the previous coalition governments made up of various small parties in the past should be the case in point of a weak party system.

If the motive of the army radio is to woo the independent candidate such as Maj-Gen Chamlong Simuang, then the result may be counter-productive. And worst of all, it is no fault of poor Maj-Gen Chamlong.

Campaign tactics employed by parties -- if they are done within the framework of law -- are parts of the election game. There is nothing wrong for parties which are determined to score a victory so long as they are not breaching the law.

Again, the charge of communist linkage against a political party will only serve to portray the accuser as being unfair and unreliable if the charge cannot be substantiated. It also reminds many of us of the dreaded McCarthy-like communist witch-hunting era of the Thanin administration which should have gone down into history as the darkest period of democracy.

By all accounts, the act of throwing unfounded accusations indiscriminately against political parties cannot be accepted as proper.

Whatever the real motive of Army's move, the result of the governor's election today will determine whether Bangkokians are for a party system, or for independent candidacy which the Army is urging. If they opt for the first choice, then someone in the military will need a soul searching and a change of attitude.

MATICHON Editorial

BK141032 Bangkok MATICHON in Thai 13 Nov 85 p 4

[Editorial: "Army Meets the People"]

[Text] On 11 November the Army radio network broadcast the program "Army Meets the People" that compared the role of the Army and the political parties. The program essentially praised the Army for being sincere toward and being the hope of the people, while criticizing political parties for selfish interests. It is unlikely that such a view belongs to true representatives of the Army under General Prem Tinsulanon's responsibility, because the government of Prime Minister Gen Prem earnestly wants to promote democracy. Also, the Defense Ministry under Gen Prem as defense minister adheres to the principle of order No 66/23 which puts emphasis on political means over military actions.

Neither House Speaker Uthai Phimchaichon or Democrat Party Deputy Chief Gen Han Linanon doubts the Army's role and value toward the people. The question is: Is the Army's attack on and publicizing of negative sides of political parties good or bad for development of democracy?

The Army of today and the past played a great role in countering activities that harmed democracy, as evident in its suppression of the coup attempts on 1 April 1981 and 9 September this year. This clearly shows that the military establishment and soldiers in general cherish and have faith in the democratic system and are ready to join other sectors of society to develop the democratic system in which political parties and free elections are the main ingredients.

This shows that the views expressed in the Army Meets the People program do not belong to the real representatives of the Army. They are probably just the views of some naive programmers who do not understand the democratic political system.

The Army of today may be broadminded enough to allow the existence and expression of views that differ from those of the government, but the Army radio network being mass media of the military establishment, must express views that conform to the government's overall policy. This is because the radio stations are government media and their staff members are government officials who must uphold the government's policy. To show its innocence, it is necessary for the Army to investigate the program and inform the people of the results in order to avoid being criticized for contradicting the government's policy of promoting elections and the political party system.

RADIO COMMENTARY ATTACKS REAGAN'S 9 NOV SPEECH

BK131502 Hanoi International Service in English 1000 GMT 13 Nov 85

[Station commentary]

[Text] In the past few days the White House's propaganda machine has given wide coverage to President Reagan's speeches in different parts of the world. In his latest speech on 9 November the U.S. President boasted of his readiness for talks with the Soviet Union in Geneva and his good-will and constructive attitude toward the coming U.S.-Soviet summit. Our radio has this comment:

In fact, since the Soviet Union and the United States reached an agreement on the objectives of the Geneva talks, the United States has not made any progressive step in this direction. On the contrary it has further stepped up its nuclear buildup with the aim of militarizing outer space. In response to the Soviet peace series of counterproposals concerning all respects of U.S.-Soviet relations. But all these are not serious and constructive proposals since they fail to create conditions for making the U.S.-Soviet summit a success. They are only one-sided and designed to gain nuclear superiority in favor of the United States and to break the most important component of the Soviet nuclear force. Washington's most recent act presents a case of jitters among nations.

While deliberately pursuing his "star wars" program, President Reagan on 24 October again sought to evade the question of arms control, an important, essential objective of the Soviet-U.S. talks. He held that the Soviet-U.S. meeting should solve regional issues in the world. Broad sections of the public opinion were very indignant at his attitude, describing Reagan as the bellicose President fond of guns and shells. People in Italy, the FRG, and Spain urge Reagan to adopt a constructive attitude at the Soviet-U.S. summit and seriously solve the question of arms control.

What the Soviet Union has said and done is quite different. Since early this year it has made many significant steps forward. One of the famous peace initiatives made Soviet party General Secretary Mikhail Gorbachev is the Soviet Union's unilateral halt of all nuclear tests. In his recent visit to France, the Soviet party general secretary proposed to the U.S. Government an agreement totally banning all offensive weapons of both sides and a strict reduction of 50 percent in the two sides' nuclear weapons which can be fired at each other's territory. And peace-loving people can see that the latest Soviet initiatives are of great importance.

They aim not only to check the extremely dangerous arms race but also to reduce the nuclear equilibrium to a possibly lowest level. They clearly reflect the Soviet Union's unchanged Leninist peace policy and its goodwill and good effort for a realistic solution to what was regarded as the objectives of the Geneva talks: not only to stop the arms race but also substantially reduce the number of available weapons and thus prevent the arms race in outer space.

Despite Washington's negative reaction, the Soviet Union still invited the U.S. secretary of state to Moscow to reach agreement on problems relating to Soviet-U.S. relations and some international issues in preparation for the coming U.S.-Soviet summit in Geneva. By both words and deeds only the Soviet Union is really willing to make the Geneva summit fruitful and to contribute to improving the international situation. The United States, for its part, remains unwilling to go to the Geneva summit meeting. But action will speak louder than words. It is expected that the Soviet readiness for a better [words indistinct] in U.S.-Soviet relations will be given a positive and constructive response. This is the expectation of the whole world.

U.S. DELEGATION MEETS DEPUTY FOREIGN MINISTER

HK141354 Hong Kong AFP in English 1312 GMT 14 Nov 85

[Text] Hanoi, Nov 14 (AFP) -- A U.S. delegation sent by Secretary of State George Shultz to study Washington's Southeast Asian refugees policy met here today with Vietnam's Deputy Foreign Minister Hoang Bich Son, reliable sources said. The five-member team brought up problems arising from the Orderly Departures Programme (ODP) for refugees, and ways of solving them, the sources said. The group is led by former Iowa Governor Robert Ray.

The main problem over the refugees is that Hanoi and Washington use different criteria for granting visas, well-informed sources here said. The United States takes in about half of the 2,000 refugees leaving Vietnam legally each month under the ODP. Vietnam wants to speed up the departure of some 60,000 would-be refugees to whom it has granted exit visas under the scheme but who have yet to be accepted by another country.

The U.S. group also raised the fate of several thousand Amerasians, children of American fathers and Vietnamese mothers, who are still waiting to leave Vietnam, reliable sources said. "This is purely an information mission," the sources stressed. The Americans, who arrived here today, are to leave tomorrow for Bangkok as part of a visit also taking them to Indonesia, Malaysia, Singapore and Thailand, where they have already visited refugee camps.

OFFICIALS AT UN RECEIVE U.S. MIA ACTIVISTS

OW131840 Hanoi VNA in English 1542 GMT 13 Nov 85

[Text] Hanoi VN A Nov. 13 -- Representatives of the Vietnam Permanent Mission to the United Nations on Nov. 11 received at their office a delegation of the National League of Families of Americans Missing in Southeast Asia (NLFAM) headed by Mrs Maureen Dunn who is in charge of the league's regional affairs.

Speaking at the meeting, arranged at the request of the U.S. side, Nguyen Dang Quan and Tran Trong Khanh, respectively first and second secretaries of the Vietnamese mission, informed the American guests of Vietnam's efforts in seeking information relating to Americans missing in the Vietnam war and progress made recently in this field. They also explained the two-year program of actions aimed at solving in the main the M.I.A. issue. On behalf of the league, Mrs Maureen Dunn thanked Vietnam for its efforts to settle the issue. She said she would notify families of Americans missing in Vietnam of Vietnam's endeavours and goodwill. Speaking to reporters after that, Mrs Maureen Dunn said the meeting had taken place in a cordial atmosphere and described it as "fruitful and useful".

ENVOY TO UN REJECTS RESOLUTION ON AFGHANISTAN

OW141545 Hanoi VNA in English 1522 GMT 14 Nov 85

[Text] Hanoi VNA November 14 -- "The Vietnamese delegation will vote against the draft resolution on the Afghan situation", stated Ambassador Le Kim Chung, acting head of the Vietnam Permanent Mission to the U.N., on Nov 11 at the U.N. General Assembly's debates on the "Afghan situation." He said that the Afghan situation has been resulted from the undeclared war conducted against the Afghan people by the imperialist, expansionist and other reactionary forces, thus causing tension and instability in the region.

He condemned the United States for pouring billions of dollars through a number of Afghanistan's neighbouring countries, to beef up reactionary forces in their opposition to the Afghan people. He noted that the presence of a limited number of Soviet troops in Afghanistan at the Afghan Government's request was completely consistent with the U.N. Charter and international law. The Soviet and Afghan Governments, he said, have made it clear that whenever the outside intervention ends once and for all the withdrawal of Soviet troops from Afghanistan will be effected. Le Kim Chung held that the indirect representatives of Afghanistan and Pakistan through the U.N. secretary general envoy as an intermediary have constituted a step toward the right direction, and that the best way to achieve a solution is the direct talks. Such a solution, he pointed out, will correctly reflect the aspiration of nations in the region and at the same time guarantee the legitimate interests of all parties concerned.

WOMEN'S UNION PROTESTS U.S. POLICIES OF LIBYA

OW131826 Hanoi VNA in English 1549 GMT 13 Nov 85

[Text] Hanoi VNA Nov. 13 -- The Vietnam Women's Union (V.W.U.) voiced strong protest against the U.S. imperialists for their subversive maneuvers against the Libyan Government and their embargo on Libya's economy. In a message sent today to the Women's Union of the Socialist Popular Libyan Arab Jamahiryah, the V.W.U. says: "The U.S. imperialists' hostile acts against Libya have been carried out in a systematic manner since the Libyan people gained victory in September 1969.

"We vehemently condemn all U.S. armed provocations and threats against Libya and demand that the U.S. Government stop at once all its violations of the independence and sovereignty of the Libyan people and cease immediately all its activities to aggravate tension in the Middle East.

"We fully support the just struggle of the Libyan people, especially Libyan women, and firmly believe that they will thwart all U.S. sinister schemes."

CSSR AMBASSADOR RECOGNIZES SRV CITIZENS, UNITS

OW141629 Hanoi VNA in English 1530 GMT 14 Nov 85

[Text] Hanoi VNA Nov. 14 -- Czechoslovak Ambassador Bohuslav Handl to Vietnam held a ceremony here this evening to present gold and silver medals of the Czechoslovak Committee for External Relations to a number of Vietnamese citizens and units on the occasion of the 40th Liberation Day of Czechoslovakia. The award was made in recognition of their active contributions to the strengthening and consolidation of the friendship and cooperation between Vietnam and Czechoslovakia. Representatives of the Foreign Ministry, the international department of the Communist Party of Vietnam Central Committee, the Vietnam Committee for Solidarity and Friendship Association, were present at the ceremony. Ambassador Bohuslav Handl paid tribute to the contributions of the recipients to strengthening the militant solidarity between the two peoples. He affirmed that the Czechoslovak people will forever unite with the Vietnamese people in their cause of national construction and defence.

DO MUOI RECEIVES LAO SUPPLY DELEGATION

OW141552 Hanoi VNA in English 1529 GMT 14 Nov 85

[Text] Hanoi VNA Nov. 14 -- A delegation of the Lao Ministry of Materials and Technology led by Acting Minister Inkeo Savang left here today, concluding its 4-day visit to Vietnam.

While here, the delegation had working sessions with a delegation of the Vietnamese Ministry of Supply led by Minister Hoang Duc Nghi. The Lao guests were received by Do Muoi, Political Bureau member of the Communist Party of Vietnam Central Committee and vice-chairman of the Council of Ministers.

VU DINH LIEU HEADS LAND MANAGEMENT MEETING

BK141018 Hanoi NHAN DAN in Vietnamese 4 Nov 85 p 1

[VNA report]

[Text] The Council of Ministers has recently convened a conference in Long An Province with a number of cadres concerned -- vice chairmen of the people's committees, directors of agricultural services, and heads of the committees for land management of the nine Mekong River Delta provinces and Ho Chi Minh City -- to exchange views and discuss measures for the better management and utilization of land in the Mekong River Delta. Comrade Vu Dinh Lieu, member of the party Central Committee and vice chairman of the Council of Ministers, presided over the conference.

Although the area of natural land in the Mekong River Delta is 39 million hectares, only 3 million have been put into use so far. Of this total area, agricultural land accounts for 2.4 million hectares (61 percent), forest land 319,000 hectares (8 percent), uncultivated land 942,000 hectares (23 percent), and virgin land 17 percent. Of the total area of agricultural land, land for rice accounts for 81 percent, land for subsidiary and industrial crops 5 percent, and land for fruit trees and long-term industrial crops 10 percent.

Over the past 10 years, the Mekong River Delta provinces have opened up and put under cultivation -- mainly grain crops -- 110,000 hectares of virgin land. The movement for crop rotation and multicropping has expanded in many provinces, bringing the coefficient of land use from 1 (in 1976) to 1.27 (in 1984). In agricultural production, all localities have paid attention to all three aspects -- intensive cultivation, multicropping, and expansion of acreage -- and have quickly applied advanced technology to the ricefields in combination with the peasants' production experience. As a result, grain output in the Mekong River Delta has increased rapidly over the past years, from 4.6 million metric tons in 1976 to 5.3 million metric tons in 1980, and then 6.1 million metric tons in 1982 and 6.8 million metric tons in 1981. On the average, grain output has increased by 6.5 percent each year and by 1.7 time over the past 10 years.

A special result in the utilization of land in the Mekong River Delta is the fact that the winter-spring rice crop has become a main cultivation season with a high and stable yield. Compared with the years 1976-80, the winter-spring rice acreage at present has increased by 23 percent and its yield by 59 percent and output by 80 percent. Various models of combined production -- such as agro-forestry and agro-fishery -- are emerging in many localities and have produced obvious economic results.

However, work related to the management and utilization of land in the Mekong River Delta over the recent past still shows many shortcomings: the area of cultivated land has expanded slowly, the coefficient of the turn-around rate of land use remains low, efforts have not yet been made to exploit and optimally and rationally use many areas of land, the area for rice cultivation has decreased, and the area slated for subsidiary crops is still small. Meanwhile, land reclamation on a large area has not yet been steadily carried out. Only 50 percent of this area has been put into use while many parts of it are left idle. The redistribution of population remains slow. Work related to the management of land, especially orchard land and residential land, has not yet been carried out in a proper manner. Policies on investment in land development are still insufficient and not uniform.

VPA GENERAL DISCUSSES PARTY LEADERSHIP

BK121259 Hanoi Domestic Service in Vietnamese 2330 GMT 10 Nov 85

["Excerpt" from article by Lieutenant General Dang Vu Hiep, deputy director of the VPA General Political Department: "Continue To Perfect the Mechanism of Party Leadership Over the People's Army and National Defense" -- published in November 1985 issue of TAP CHI QUAN DOI NHAN DAN]

[Text] In the mechanism of party leadership over the army and national defense, the party Central Committee, through the standing and direct agency of the Political Bureau, closely leads the efforts to consolidate the all-people national defense system and to build the people's Armed Forces and provide guidance for the successful conduct of the people's war for national defense.

In the conditions of a party which holds power and has to simultaneously carry out two strategic tasks, the Political Bureau neither has the time nor is in a position to concretely and promptly resolve by itself various military and national defense problems. For this reason, the Political Bureau must have its own standing agency [cow quan thuowngf truwcj] for military and national defense work. This agency has the duty to assist the party Central Committee and Political Bureau in concretizing various issues regarding military lines and tasks and resolving major military and national defense problems so as to successfully implement various resolutions of the Central Committee and Political Bureau in this domain.

Decisions made by this standing agency will be institutionalized as orders, decrees, or directives of the Council of State or the Council of Ministers for implementation by various responsible ministries, sectors, and localities, thereby bringing into full play the role of party leadership in military and national defense affairs in the entire Army and throughout the country.

The principle of the party committee exercising collective leadership, with the system of party committees at all levels -- from all-army to basic -- is a major, very important feature of the mechanism of party leadership over the Army. On the all-army level is the Military Commission of the party Central Committee, which is under the direct leadership of the party Political Bureau and Secretariat.

The Military Commission of the party Central Committee has two main functions. First, it serves as the staff of the party Central Committee, the Political Bureau, and the Secretariat in matters concerning military lines and tasks; concerning the building of the all-people national defense system and of the people's Armed Forces; concerning the building of the contingent of party cadres in the Army; concerning the formulation of people's war plans, the building of the strategic rear area of the people's war, and the development of the national defense industry; concerning party building; and concerning party and political work, procedures and policies with regard to the Armed Forces, and local military work. Second, as the highest party committee echelon in the army, it has the duty to lead the entire Army in seriously implementing the lines, tasks, positions, and policies of the party and the state, and in successfully carrying out the military and other tasks entrusted by the party and the state.

Building Firm and Strong Army Party Organizations With High Fighting Capability

The Military Commission of the party Central Committee is appointed by the Political Bureau and composed of a number of party Central Committee members working in the army.

The party committees at various echelons are responsible for exercising comprehensive leadership over their subordinate units within the limits of the functions and duties defined for each echelon. Thus, it is the duty of these party committees to lead their units in all fields of political, ideological, and organizational building work, including party building and the building of the contingent of cadres. It is also their duty to lead the carrying out of all tasks: fighting, official work, productive labor, economic building, fulfillment of international obligations, and other political, military, logistics, technical, specialized, and professional work. The party committees exercise leadership in all domains in accordance with the functions and duties prescribed for each echelon. Their main function is to lead.

The party committees should go by the rules of work related to party leadership set forth by the fifth party congress and apply them to all military tasks. The party Central Committee Political Bureau has defined that the leadership role of various party committee echelons in the Army is to hold discussions in order to seek an understanding of the tasks entrusted by the higher echelon and to assess all aspects of the unit's situation and issue resolutions concerning policies and measures to satisfactorily carry out these tasks. Based on the tasks entrusted by the higher echelon, the situation of the unit, the characteristics of the battlefield, and the tactical plans of the commander, they must decide on important measures to ensure victory.

The party committee must supervise and inspect party organizations at lower levels and cadres of various organs to ensure that all tasks are carried out in accordance with the lines and policies of the party and state and the resolutions, directives, and orders of the higher echelon and of themselves, and must improve the militancy of the party organization and purify and strengthen grassroots party organizations.

Within its leadership role, in each stage and each specific task, the party committee must firmly grasp the key issues in the activities and livelihood of the unit -- such as its central duty, major tasks, and newly-emerging problems -- so that policies and measures for leadership can be defined.

The party committees do not make decisions on specific issues that are under the responsibility and management of the commander. In the discussion process, these party committees may make suggestions concerning a specific task. However, when a resolution on that task is adopted, it is necessary for them to exercise leadership in accordance with and within the scope of their functions.

In exercising leadership over combat assignments, the party committees must go by the functions and duties prescribed for each echelon and the time requirement to hold discussions and make decisions. Experience shows that usually the party committee must, first of all, hold discussions to seek an understanding of the tasks entrusted to the unit by the higher echelon and reach identity of views on the assessment of the situation concerning enemy forces, our forces, and the terrain and, later, concentrate on the two main contents of the plan -- the commander's decision and forecast of basic eventualities and the use of countermeasures and forces.

In addition, depending on the specific situation in each area, the party committee can hold extensive discussions to solve certain problems to ensure close support for combat activities under difficult and complex conditions -- such as logistic and technical or signal and reconnaissance facilities -- which could affect the outcome of the campaign and fighting. Through the discussion of these problems, the party committee should determine the contents and duties of party work and political work in fighting.

It is certain that approving the combat plans of commanders at strategic and campaign levels is different from relying on the plan of combat commanders to decide on matters concerning leadership among various tactical units of large Army corps engaged in concentrated combat activities. Meanwhile, the discussion of and decision on combat and operation plans for units operating independently under the jurisdiction of their own commanders -- especially those fighting behind the enemy line -- must be made with a high identity of views among various party committee echelons. In short, to enforce its operational efficiency, the party must, first of all, make the unit understand thoroughly the lines, viewpoints, thoughts, and policies of the party and firmly ensure collective leadership so as to correctly and promptly solve all essential questions in accordance with its function. Meanwhile, the party committee should bring into full play the responsibility of the commander in the management of troops in accordance with his functions and should not make him merely a passive executor of work laid down by the party committee.

Our Army commanders do not depend or rely on the collective, nor do they act in an arbitrary and totalitarian manner without respect for the collective. The party committee also has the important duty of concentrating efforts on carrying out major tasks to ensure the party's leadership -- such as party building, the fostering and assignment of cadres, supervision and control, and mass motivation -- and gearing all its activities to meeting the goal of leading the unit in the fulfillment of all tasks. These are the tasks that party committees at all levels must devote adequate efforts and time to discussing and resolving so as to contribute to enhancing the efficiency and leadership quality of party organizations and party committees.

It is necessary to avoid incorrect manifestations of party committee's leadership such as taking over issues involving command functions while only briefly discussing party building and mass motivation, or thoroughly discussing party building activities without deeply analyzing political tasks and dealing with other aspects of unit leadership. Leadership issues facing party committees at different levels may be similar in nature, but the scope of discussion and settlement varies according to the rules on the division of labor and responsibilities. For example, concerning the tasks of military region party committees, the Political Bureau points out that, together with the function of providing comprehensive leadership over Army units under their authority, these party committees also have the function of guiding the development of an all-people national defense system in their military regions.

Thus, irrespective of their levels, party committees must firmly and fully grasp the established duty of providing comprehensive leadership according to the scope of their functions and the tasks prescribed for each level so as to develop the role of party committees, enhance the militant strength of party organizations, and improve the party's leadership over the units' political tasks.

Concerning the One-Commander System

The Political Bureau continues to affirm that the one-commander system is an organizational principle of the Army. This system is enforced at all levels of the Army on the basis of the stable and resolute leadership of party organizations. The one-commander system of our Army is established as part of the mechanism under which the party committee assumes collective leadership. As a result of this, the position, responsibility, and relations of the commander toward the party committee under this mechanism are defined in this way: The commander is entrusted by the party and state with full authority as warranted by his functions and is held personally responsible before the party and state, commanders at higher levels, and the party committee at his own level for the situation and all results of his unit's performance of duties.

To fulfill his tasks the commander must develop a dynamic and decisive character and adopt a bold approach in taking responsibility to promptly deal with all developments of the situation so as to ensure successful accomplishment of all missions. Commanders of main-force troops must respect and maintain close relations with the local party and administrative organizations in the areas where their units are stationed. Commanders of local armed forces and border defense units carry out their tasks under the leadership of the local party committees and the party committees of their level, and the command of military organs at higher levels.

In the close organizational relationship with party committee at his own level, the commander must promptly inform the party committee of the tasks assigned by higher echelons and his decision to carry them out, and propose guiding viewpoints and measures for discussion and adoption by the party committee. Nevertheless, it is not right that the commander presents his opinions to the party committee only when his unit receives orders from the higher echelons. Based on the actual situation concerning the unit's performance of tasks, the commander should take the initiative in proposing that the party committee exercise leadership in a certain area of activities or in certain work as he sees fit. It must be seen that the commander plays a very important role in preparing for the holding of party committee conferences. The commander's party character, high political responsibility, knowledge, and experience contribute a decisive part to the adoption of viewpoints and policies by the party committee.

The commander is responsible for scrupulously implementing leadership resolutions passed by the party committee as warranted by his authority. The correct leadership viewpoints of the party committee echelons constitute the prerequisites for ensuring the unit's success in fulfilling all tasks, but this will only become a reality through the orders, directives, and [word indistinct] of the commander and through the movement for revolutionary actions of cadres and soldiers by and large. Therefore, after the party committee has passed its resolution, the commander, as warranted by his functions and duties, must do a great many things covering different areas of work to translate the party committee's resolution into reality, making it reach every component of his unit and transforming it into specific tasks and realistic acts. This course of action not only reflects the rectitude of the commander in his sense of organization but also brings to the fore his role as an organizer, educator, and motivator.

During emergencies, the commander must take the initiative in making immediate decisions aimed at successfully fulfilling the mission; and he will report to and be held responsible before the party committee afterwards. This is the highest and most concentrated manifestation of the commander's party character as well as his sense of responsibility, initiative, and creativity; and it constitutes a lofty quality of commanders of the VPA.

Thus, the system of collective leadership by the party committee and the application of the one-commander system do not contradict each other, they are two aspects of an integrated whole. The party committee collectively discusses major issues as required by its functions and the prescribed duties of each echelon. This is an important method for drawing upon the intelligence and experience of the party organization's elite members; and it will help the commander make decisions more correctly and accurately, consolidate the close relationship between the commander and the party committee, and create a high degree of unity between leadership and command.

On the other hand, the commander's sense of responsibility, initiative, creativity, knowledge, and experience -- which are reflected in the proposals he put forward to the party committee concerning issues that must be discussed and decided upon -- greatly contribute to enhancing the party committee's leadership quality.

Similarly, by his display of party character, his respect for the collective, and his scrupulous implementation of party committee resolutions, the commander sets an example that contributes to building and fostering the contingent of unit cadres. Thus, the system of collective leadership by the party committee, coupled with the one-commander system, is the most important target of our continued effort to perfect the mechanism of party leadership over the army. Achieving this target lay a firm foundation for realizing the aim to perfect the mechanism of party leadership over our army at present.

ECONOMIC FAIR REVIEWED ON EVE OF CLOSING

OW141635 Hanoi VNA in English 1533 GMT 14 Nov 85

[Text] Hanoi VNA Nov 14 -- The Second National Exhibition-Fair on Economic and Technical Achievements will close here on Nov 16.

For two months and half of its run, the exhibition drew nearly a million visitors, including 85 foreign delegations. General Secretary Le Duan and many other high officials of the party and state visited the exhibition, some in many occasions. They all expressed their joy at the economic and technical achievements. They said that the exhibits demonstrated the country's vast potentials for socio-economic development.

On display are samples of projects and products of 40 provinces, cities, the special zone of Vung Tau-Con Dao and 26 ministries and services. The exhibits are illustrative of the big economic potentials of the country as well as the special economic features and capabilities of each region and locality. Twenty-eight per cent of the exhibits are new products.

The innovations or research subjects mostly bear upon agriculture, water drainage, the selection of plant seeds and animal breed. Worthy of note are models of the combination of agriculture, forestry and fishery or agriculture, forestry and industry which serve the dual purpose of tapping natural resources and protecting the ecology. The V.A.C. formula (garden, fishing pond and pig sty) which was first introduced in northern Vietnam a few years ago is now applied and expanded by many localities.

The visitors are also introduced to a wide range of industrial commodities such as bicycles and spare parts, textiles, ceramics, electric appliances, rubber and plastic goods, processed foods and articles bearing distinct local stamps. Traditional medicines and tonic drugs made of herbs are also a specific trait of the exhibition.

Through four session of the jury board of the exhibition, 1,811 medals of various categories, including 802 golds and 103 certificates of merit have been awarded to the most representative projects and products.

However, the quality of several commodities remains a big problem. The exhibition-fair is a chance for the localities and branches to improve both the presentation and quality of their products. At the same time, it is an opportunity for them to reorganize production in order to make the next exhibition-fair really become a recapitulation of the economic progress, a business and transaction centre as well as a centre for diversified cultural activities and for seminars on the effective ways and methods of conducting production and business operations.

INDONESIAN POLICE CLASSIFY 'HIJACK' AS HOAX

HK150733 Hong Kong AFP in English 0710 GMT 15 Nov 85

[Text] Jakarta, Nov 15 (AFP) -- A report of a tanker hijacking in Indonesia was a hoax, and police have launched an operation to trace and arrest those responsible, the JAKARTA POST said today. The whole affair was a hoax committed by "irresponsible persons," THE JAKARTA POST quoted Surabaya police as saying.

The report of the hijack Wednesday triggered a major hunt by Indonesian naval and police units, including a special anti-hijacking force, but they abandoned the search early yesterday. The hijack report was radioed in Indonesian using a maritime broadcast frequency, and signalled the pre-dawn hijack of a Panamanian tanker in the waters off the coast of Surabaya, East Java, by armed men who demanded a ransom of some 120,000 dollars, THE SURABAYA POST said yesterday.

The army has said that an anti-hijack commando sent to the area failed to find evidence of a hijack. A police hunt has been launched to trace those responsible, THE JAKARTA POST said. The anti-hijack commando had found only a Korean ship, Dong Mong, which had a radio call sign resembling the name of the tanker reported hijacked, the army statement said.

INDONESIA BANS 7 NOV FAR EASTERN ECONOMIC REVIEW

HK131138 Hong Kong AFP in English 0846 GMT 13 Nov 85

[Text] Jakarta, Nov 13 (AFP) -- The Hong Kong-based news weekly, the FAR EASTERN ECONOMIC REVIEW has had an issue banned for the second time in less than a month but its Jakarta here said the effect of the prohibition was limited. The November 7 issue of the weekly contains an article on Indonesia's upcoming elections and the REVIEW'S Jakarta distributor said he was ordered not to distribute the magazine. But he said distribution had started before the order was handed down. Some subscribers received heavily blacked out copies and others none. The October 24th edition which carried a cover story on the Indonesian military also failed to appear on the streets.

The story on the upcoming elections in 1987 carried a heading "Bugs in the System" and discussed the ruling Golkar Party's plans for winning a majority vote. A second story in the same issue, datelined Papua New Guinea, also carried censor's ink over a paragraph concerning Indonesian Army treatment of villagers in the province of Irian Jaya.

DPRK MINISTER TOURS JAVA, VISITS AIRCRAFT FACTORY

BK121207 Jakarta International Service in English 0800 GMT 12 Nov 85

[Text] The visiting North Korean information and mass media minister, Yi Song-pok, is now in Surabaya for a several-day stay in East Java. The minister arrived in Jakarta last Friday [8 November] at the invitation of the Indonesian Journalists Association.

Yesterday, the North Korean guests made a tour of Bandung, West Java, and visited the Indonesian aircraft industry Nurtanio, and the Asian-African Museum. Minister Yi Song-pok expressed his admiration of the Indonesian capability in manufacturing helicopters and other aircraft, especially upon learning that the aircraft have been entering international market.

MALAYSIARITHAUDDEEN LAUDS TRADE TIES WITH CHINA

BK150700 Kuala Lumpur International Service in English 0600 GMT 15 Nov 85

[Text] The contrasting political systems between Malaysia and China will not prevent the two countries from forging closer trade ties. Minister of Foreign Affairs Tengku Ahmad Rithauddeen says that political ideology remains the internal concern of each country. He added that Malaysia will not allow other countries to interfere in its domestic affairs and neither would it get involved in the internal affairs of another country.

Tengku Rithauddeen told newsmen in Kota Baharu that China is a potentially good trading partner since it requires raw materials for its development. He also said that Datuk Sri Dr Mahathir's visit to China beginning on Wednesday is aimed at, among other things, strengthening trade links between the two countries. Tengku Rithauddeen described the coming visit as an effort to renew friendly ties that had been established during the Melaka Sultanate between Malaysia and China.

MAHATHIR BACKS RIGHT TO USE NON-MALAY LANGUAGES

BK150704 Kuala Lumpur International Service in English 0600 GMT 15 Nov 85

[Text] The government has no intention of abolishing the language and culture of the non-Malays in the country. Datuk Sri Dr Mahathir Mohamed says the various communities have the right to learn their mother tongue and open schools where the medium of instruction is not Malay. Datuk Sri Dr Mahathir was speaking at a gathering of component parties in the ruling National Front in Jitra, in the northern State of Kedah. Datuk Sri Dr Mahathir noted, although the education minister had recently explained the integrated schools concept, there are politicians who accuse the government of wanting to eliminate the cultures of the non-Malays. The prime minister said the accusation is slanderous and hopes that non-Malays will not be influenced by such deliberate attempts at causing confusion among them.

SABAH SECURITY SITUATION SAID 'UNDER CONTROL'

BK121536 Kuala Lumpur Domestic Service in Malay 1230 GMT 12 Nov 85

[Text] The current security situation in Sabah is under control. As many as five companies of the Forest Police, totaling 705 officers and men, have been deployed on Sabah's eastern coast and nearby islands. In addition, nine large marine boats have been deployed in the areas to further tighten control and defense in waters off Sabah's eastern coast. Winding up discussions, Deputy Home Affairs Minister Datuk Radzi Sheikh Ahmad said that the boats are deployed in Tawau, Sandakan, Semporna, and Lahad Datu. Police in Sabah have mapped out a strategy to overcome any eventualities, especially on Sabah's eastern coast. The plan is designed not only to prevent crimes but also to offer a swift response to events taking place. Datuk Radzi said that his ministry will build a police station and provide houses for policemen in (Kota Marulu). A plot of land has been allocated for this project, which is expected to be undertaken next year.

NEWLY FORMED PARTY IN SARAWAK CHANGES NAME

BK140411 Kuala Lumpur BERITA HARIAN in Malay 6 Nov 85 p 5

[Text] Parti Demokratik Bersatu Sarawak (PDBS), a newly formed political party, has changed its name to Parti Kongres Sarawak (PKS) and registered the new name here today.

The chairman of the organizing committee of the new party, Haji Assimie Ismail said the name PDBS is not applicable, as it can be confused with several other political parties in the state. Haji Assimie, who is also the former vice president of Parti Buruh Bersatu Sarawak (PLUS), said the 25 committee members of the newly formed party are not government officials. He said the new party is supportive of the multiracial society in the state and its headquarters will be set up in Sri Aman Township of the Second Division. He also said that the new party will support the Barisan Nasional to struggle for justice, foster solidarity, and further upgrade Sarawak's developments.

COMMUNIQUE ISSUED ON BANGLADESH'S ERSHAD VISIT

BK090915 Kuala Lumpur International Service in English 0600 GMT 9 Nov 85

[Text] Malaysia and Bangladesh have stressed the need for the international community to intensify efforts to promote world peace. They have also called for greater South-South cooperation in restructuring the existing world economic order. According to a joint communique released at the end of the 5-day visit of the Bangladesh president, Mr Hussain Mohammad Ershad, to Malaysia, the leaders of both countries also expressed similar concern over the Kampuchean problem, the West Asia situation, and the rights of the Palestinian people. They strongly condemned the Israeli attack on the PLO headquarters in Tunis, Tunisia.

The joint communique also called for a total and unconditional withdrawal of foreign troops from Afghanistan. It reiterated the desire of the leaders of both countries to continue to help restore peace between Iran and Iraq. The two countries also expressed their common commitment to the concept of declaring the Indian Ocean a zone of peace. They called on the Pretoria regime to abandon its apartheid policy in the interest of South Africa and world peace. The communique also reaffirmed that the Antarctica should be a common heritage of mankind which should be used only for peaceful purposes and for the benefit of the human race.

On relations between Bangladesh and Malaysia, the joint communique said that both countries expressed their desire to have joint venture cooperation efforts. These include diversifying trade, cultural, and social exchanges between the private sectors and peoples of both countries. Both nations have recognized the need to expand and diversify their trade and consolidate direct trade. In this context, the National Chambers of Commerce and Industry of Malaysia and the Federation of Bangladesh Chambers of Commerce and Industry have agreed to establish a mechanism to facilitate cooperation. Malaysia has also agreed to reduce the import tariff on jute carpets while Bangladesh will take steps to purchase palm oil direct from Malaysia.

On international issues, the two countries have reaffirmed their commitment to the principles of the UN Charter, the Nonaligned Movement, the Islamic Conference Organization, and other international organizations.

SINGAPORE

UK'S HESELTINE ON SOVIET DESIGNS IN S.E. ASIA

BK090811 Singapore Domestic Service in English 0800 GMT 9 Nov 85

[Text] Britain has warned that the Soviet Union has expansionist designs in Southeast Asia. The British defense minister, Mr Michael Heseltine, says (if) the Soviets have a chance to expand with no risks to themselves, they will do so. Speaking to newsmen on arrival at Changi Airport, he said Cam Ranh Bay in Vietnam is a very clear example of the Soviet expansionist process at work.

MARCOS MAY DELAY ELECTIONS UNTIL 7 FEBRUARY

HK150452 Hong Kong AFP in English 0443 GMT 15 Nov 85

[By Roberto Coloma]

[Text] Cebu, Philippines, Nov 15 (AFP) -- President Ferdinand Marcos and his wife Imelda today staged a campaign blitz in this traditional opposition bailiwick in preparation for the planned snap presidential election in early 1986.

Mr. Marcos disclosed in a private audience with Cebu Cardinal Ricardo Vidal and local officials that the election, originally set for January 17, may be moved to February 7 to accommodate opposition demands, but has not officially announced any new date, officials who attended the meeting said. He cited the opposition's demands for a postponement and stressed that their proposal for the poll to be held in March was unacceptable, the officials added.

Opposition and ruling New Society Movement (KBL) M.P.'s said yesterday that they had agreed in principle to move back the election to the first week of February to allow a 60-day campaign starting December 2.

The Marcoses were mobbed at Cebu airport and the city streets were lined by residents who cheered the presidential motorcade as military helicopters hovered overhead. As in the 1965, 1969 and 1981 presidential elections, Mrs. Marcos gave the campaign pitch for her husband. She appealed for support from Cebu residents in the coming elections, saying her appeal was for the sake of the republic and not for her husband or the KBL. Mrs. Marcos made the appeal before the president addressed some 500 delegates to the Philippine business conference, the country's premiere gathering of business leaders.

The president's speech was devoted to the economic goals and achievements of his 20-year-old regime. The Philippines was plunged into its worst political crisis since World War II after the 1983 assassination of his chief rival Benigno Aquino at Manila airport. After receiving a 21-gun salute and military honors at Cebu airport, the president motored to the residence of Cardinal Vidal, the country's second cardinal after Manila Archbishop Jaime Cardinal Sin. After the call on Cardinal Vidal, Mr Marcos' party proceeded to Cebu coliseum where he addressed the businessmen after a spirited campaign spiel by Mrs. Marcos.

The first lady, who is from this region in the central Philippines, sang two songs in the vernacular to the delight of the crowd as she has done in past presidential campaigns when her husband called her his "secret weapon" in politics. "We are here to campaign...not for ourselves but the Republic of The Philippines," Mrs. Marcos said. "In this election, Marcos is not the candidate, the KBL is not the candidate, in this election the candidate is no other than our nation, she added. "I bend my knees not to seek help for Marcos, not to seek help for the KBL, I seek help for the Filipino nation, I seek help in the salvation of our republic." She was referring to a raging communist insurgency by some 15,000 New People's Army guerrillas. "We can do it if we all unite. We can solve all these problems," she concluded.

According to Information Minister Gregorio Cendana, Mr. Marcos last visited Cebu in September 1981 to survey typhoon damage and hand out relief funds. Cebu has long been regarded as an opposition stronghold. Although the city and provincial governments are controlled by the KBL, this central city, the country's second largest, voted straight opposition in the 1978 and 1984 general elections, and boasts of a vibrant press where Mr. Marcos is openly criticized.

Military officials said there were opposition plans to stage demonstrations against Mr. Marcos but these were apparently called off. Heavily-armed troopers and police tightly secured the entire route of the Marcoses, whose motorcade was cheered by residents, mostly school children who were let out of classrooms to attend the welcome.

BATASAN CHANGES ELECTION DATE, APPROVES CODE

HK150345 Manila Far East Broadcasting Company in English 2300 GMT 14 Nov 85

[Text] The majority and minority parties in the Batasang Pambansa yesterday [14 November] agreed to move back the special elections from January 17, 1986, to a later date. Political Affairs Minister Leonardo Perez said the decision was agreed upon during a meeting of the negotiating panels of the two parties. Perez said the two sides agreed to hold the snap polls on the last week of January at the earliest or the first week of February at the latest. He said the two panels also agreed that the January 17th date was too tight and close. Perez likewise stated that the election campaign period, which is supposed to start on December 2, will be properly adjusted possibly to start in the middle of next month.

Still at the Batasan, the proposed omnibus election code which will govern all future elections and other political exercises was approved last night on second reading. Among the salient features of the code are the use of transparent ballot boxes, a special indelible ink during elections, and allowing barangay officials to be poll watchers or members of election boards. There was no nominal voting during the passage of the code. President Marcos said that anyone aspiring for the presidency in the coming election must clearly state whether he stands for democracy or for communism. The chief executive said the coming polls are critically linked to the struggle for democracy and the struggle against communism and insurgency. He added that anyone that aspires to lead this nation must clearly state where he stands on this fundamental and important question.

OPPOSITION PARTIES REJECT MARCOS' ELECTION PLAN

HK151053 Hong Kong AFP in English 1024 GMT 15 Nov 85

[Text] Cebu, Philippines, Nov 15 (AFP) -- President Ferdinand Marcos today indicated that snap presidential elections planned for January 17 would be put back to February 7 to accommodate opposition postponement demands. Mr Marcos, in power for 20 years, made the disclosure in a news conference as he ended his first campaign visit, which brought him to this traditional opposition stronghold in preparation for the poll. He is seeking another six-year term.

In Manila however, 12 opposition parties said earlier today that they were rejecting Mr Marcos' conditions for the election, which include his refusal to resign before the balloting. They said they would only take part in a "constitutional, fair and credible" vote. The Constitutional states that an early poll can only be held if the incumbent dies, is permanently disabled, resigns, or is removed from office. Mr. Marcos submitted a resignation letter to the national assembly Monday, effective only after the poll, should he be defeated.

Mr. Marcos said today, "February 7 would be manageable but probably not beyond that," for the new poll date. He stressed that he would leave the decision entirely to the national assembly, which is controlled by his New Society Movement (KBL) party. Local officials here said the president was more categorical on the issue during a private meeting with them and Cebu Cardinal Ricardo Vidal earlier today. The KBL has consistently followed Mr Marcos' directives on the election issue.

After an opposition caucus today, opposition chief Salvador Laurel, together with two other potential presidential candidates -- slain opposition leader Benigno Aquino's widow Corazon and M.P. Eva Kalaw -- said they would not join a unification council which will choose the opposition's single standard bearer. The move was aimed at erasing any suspicion that they could influence the selection process.

Mr Marcos was evasive when asked about the possibility that Mrs Aquino would fight him in the poll, saying he was leaving the choice of Mrs Aquino to the opposition. "Let us not intervene in their affairs," he said. In an earlier interview with the ASIAN WALL STREET JOURNAL, reprinted by an opposition paper in Manila, Mr Marcos had belittled the widow's political inexperience. Mr Marcos also said "I do not feel that there has been pressure" from the U.S. Government regarding his "internal policies," adding that if there was any pressure it was in mutual defense issues.

U.S. officials have expressed alarm over the rapid growth of a communist rebellion in the country which could endanger two strategically important U.S. military bases in the Philippines, and have pressed for reforms including free elections. He denied U.S. newspaper reports that he had had two kidney transplants and was terminally ill, and said he was confident of winning.

Mr Marcos announced that he would carry out a general revamp of the military command if General Fabian Ver was acquitted Wednesday of the murder of Mr Aquino, but reiterated that the general would return as chief of staff. The president said the fate of Lieutenant General Fidel Ramos, who assumed Gen. Ver's post when he went on leave in October last year following his implication in the slaying, would be taken up in a command conference. He said he would retain the services of some generals serving beyond their tour of duty because they are "in the middle" of the fight against rebels. Their continued stay has been criticized by a reformist group of junior military officers.

At an earlier speech before the Philippine business conference at the Cebu coliseum, Mr Marcos vowed to defend the value of the Philippine peso amid foreign creditors' pressures for the currency's devaluation. He said the long-delayed third installment of a 610 million dollar standby facility from the International Monetary Fund worth 110 million dollars has just been approved, and pledged compliance with deregulation of the economy and other reforms sought by the country's lenders. His wife Imelda, who comes from this central Philippine region, gave the campaign pitch for her husband as in three previous presidential elections, appealing for support in the coming exercise and singing two songs in the vernacular to the delight of the crowd. Heavily armed troops and police tightly secured the entire route from the Cebu airport to the coliseum. The motorcade route was lined by cheering residents, mostly schoolchildren let out of classrooms to welcome the rare visit.

MARCOS TO REORGANIZE STAFF IF VER ACQUITTED

HK151043 Hong Kong Domestic Service in English 1000 GMT 15 Nov 85

[Text] President Marcos of the Philippines has said he plans to reorganize the entire general staff of the Armed Forces and senior members of the officer corps. He said this would occur if General Fabian Ver, who's on leave as chief of staff, is acquitted of involvement in the 1983 murder of opposition leader Mr Benigno Aquino. Mr Marcos said that if General Ver is found not guilty then automatically he'll be reinstated and a general reorganization of the Armed Forces will follow simultaneously. Keith Dalton reports from Manila:

[Begin recording] President Marcos did not indicate whether the reorganization would occur with or without the reinstatement of General Ver, who is a relative and close confidant of the Filipino leader. He said if acquitted, General Ver's reappointment would be immediate and automatic. Although he's well past retirement age, Mr Marcos said it would be decided later how long General Ver would stay in office. He was first appointed in 1981. As for the acting chief of staff, General Fidel Ramos, Mr. Marcos said his position would be decided in the general reorganization.

General Ver and 25 other people have been linked to the murder of Benigno Aquino and a verdict in the 7-month long trial could be announced next week. Most observers believe that General Ver will be acquitted. Mr Marcos is under strong pressure from the United States not to reinstate him. He's also been urged to replace at least 27 generals who are long past retirement age. However, Mr Marcos said he would not be pressured. He did say he was agreeable to the postponement, no later than the first week of February, of snap presidential elections he first called for January the 17th, Keith Dalton in Manila for RTHK [Radio-Television Hong Kong]. [end recording]

LAUREL EXPLAINS UNIDO'S ECONOMIC PROGRAM

HK141557 Manila BULLETIN TODAY in English 14 Nov 85 p 22

[Speech by Dr Salvador H. Laurel to the Makati Business Club on 25 October at the Intercontinental Hotel in Manila: "This Generation's Task; Unido's Economic Recovery and Development Program"]

[Text] I would like to thank the Makati Business Club and your Executive Director, Mr. Jose Romero, Jr., for giving the UNIDO a chance to present its economic program and platform of government. I understand that a month ago, the ruling KBL was given the same opportunity, through Prime Minister Cesar Virata.

For a layman like myself, I must confess that some of the terms that economists like to use could sound esoteric. There is therefore some merit in any attempt to simplify concepts, and to this end I would like to paraphrase a statement of Mr. Ronald Reagan.

Recession is -- when your neighbor loses his job; Depression is -- when you yourself lose your job; and Recovery is -- when Mr. Marcos loses his job.

When martial law was proclaimed thirteen years ago, many had hoped that with the coercive trade-off between our needs and our liberties, government would become more efficient and effective in dealing with the economic problems of our country. Impatient with the often slow and tedious procedures of representative democracy, there were those who felt that efficiency could be better achieved under a system of authoritarian rule. After all these years, with socio-economic indicators such as real-capital income, capital-output ratios, and income distribution patterns pointing to a serious flaw in our economy, the business community could no longer close their eyes to the blinding reality that the dictatorship had failed - that its delivery system had proved to be ineffective despite the enormous powers it had concentrated in its hands.

Corporate executives are accountable to their board of directors and stockholders for their performance, but in the case of Mr. Marcos, who airily dismisses intimations of human mortality by periodically declaring he has no intention to die, the concept of periodic accountability is something alien.

He treats a country inhabited by 54 million Filipinos as if it were a sole proprietorship, except that in this case, he does not risk his own money but the earnings and savings of the people, and consequently, their very future.

It is not necessary to belabor what is now obvious for all to see: a nation ravished by years of plunder, plagued by sharp and excessive inequalities, and threatened by an escalating insurgency and civil strife. The KBL blames "conditions beyond their control", for the economic crisis, namely: (1) external factors such as the energy crisis, the recession in the industrialized countries, increased protectionism, depressed commodity prices and high international lending rates, and (2) internal factors such as droughts, typhoons, volcanic eruptions, and a general distrust of the national leadership following the assassination of Senator Benigno S. Aquino, Jr. on August 21, 1983.

Despite identical external factors, however, other developing countries in our region and within the same time frame, like South Korea, Taiwan, Thailand and Malaysia, which were behind the Philippines in the 1960's have since moved way ahead. Why has this happened? Because this administration has run the Philippine economy with gross irresponsibility and inefficiency while the other governments have managed theirs with efficiency and skill.

As for the internal factors, well -- we will always have droughts, typhoons, and earthquakes in our country, while the killing of Senator Aquino drew worldwide attention to the inability of the present government to dispense simple justice. Other developing countries, to be sure, also have their share of natural calamities, and political assassination. But fortunately for them, they do not have a President Marcos.

Expansionist fiscal and monetary policies were resorted to as a matter of necessity to ensure the re-election of Mr. Marcos in 1969, and his perpetuation in power beyond December, 1973, the limit prescribed by the 1935 Constitution. I say "as a matter of necessity" because the imposition of martial rule has required enormous military expenditures to enforce the denial of our rights and liberties. Impact projects were resorted to in order to impress our people and make them forget the cause of their misfortunes. An economic octopus was manipulated by presidential cronies who were allowed to establish monopolies to control the economy and place it at the service of political power.

Budgetary deficits rose from 500 million pesos in 1970 to 2.2 billion in 1975. By 1980, we were running deficits of 3.5 billion pesos, and last year, it was a mind-boggling 14.6 billion pesos. Money supply expanded beyond the statutory benchmark of 15 percent in 1969, the expansion was 18.3 percent increasing to 24 percent in 1972, thence to 38.1 percent in 1983. In 1983, the money in circulation component of our money supply was expanded 54.6 per cent, a new Philippine record which no other country in the world can beat, except perhaps some banana republics.

From 1966 to 1984 in fact, the gross national product in real terms grew only 2.4 times, while the Central Bank under the dictator's command saw it fit to expand money supply 11.3 times, thus resulting in inflationary and devaluation spirals that trapped our economy in vicious circles of poverty, high prices, exchange depreciation and low, even negative economic growth.

Because the dictatorship is not accountable to the people, it feels that it can hold on to power indefinitely. It has therefore embarked on a course of economic irresponsibility characterized by expansionist fiscal and monetary policies that are the basic causes of the present economic mess.

Stabilization and Economic Recovery

Now the KBL comes before the people and presents a stabilization and recovery program which was negotiated by the technocrats of Mr. Marcos on the one hand, and the foreign creditors, the IMF and the World Bank, on the other. The Filipino people, particularly the leaders of the business community, such as those in the Makati Business Club, were not consulted in the drawing up and negotiation of this stabilization program. Neither were the elected representatives of the people in the Batasan consulted. Mr. Marcos, and a cabal of insensitive and unaccountable technocrats took it upon themselves to simply impose their program. No wonder it provides only for the recovery of the Marcos dictatorship; perhaps for the recovery of the foreign creditors; but absolutely not for the recovery of the Filipino people and the Philippine economy.

The KBL stabilization program would allow Mr. Marcos to continue his expansionist policies in the public sector in order to maintain the viability of his dictatorship; while shifting all the burden of adjustment to the private sector and the poor, and aggravating such burden to the extent of choking off the engine of growth. The Central Bank has managed to siphon off 9.1 billion pesos from the private sector largely through the market sale of the high-interest "Jobo Bills" [after Central Bank Governor's nickname], while at the same time, net credits to the public sector were expanded by 4.9 billion pesos.

The KBL program still permits Mr. Marcos to expand government expenditures and increase taxes despite his pronouncements that government will cut down drastically on its spending. On the contrary, however, government expenditures increased from 55.5 billion in 1983, to 71.7 billion this year, and will increase to a projected 95.5 billion next year.

Taxes also increased from 46.6 billion in 1983 to 57.2 billion in 1984, and will further increase to 76.7 billion pesos in 1985 and 80.7 billion pesos in 1986.

Such increased taxes result in the erosion of people's disposable incomes and the contraction of purchasing power. Increased indirect taxes, moreover, are regressive and inequitable. Consumers pay the same amount of taxes on commodity items regardless of their income. Because the KBL program fails to see the basic causes of our economic crisis, it cannot be a proper vehicle for achieving economic recovery. In fact, Mr. Marcos in a speech before the Manila Rotary last September 26, said:

"We are now re-formulating our recovery program to invigorate the economy through the reflation program. The specific features of the program include the raising of the budgetary deficit target while, at the same time, increasing revenues through an overhaul of the tax system."

In plain language, he will resume his expansionist policies to try to stimulate purchasing power, much like a drunken sailor who, when falling to the left, awkwardly over-compensates and falls to the right. He treats the economy as if it were a tire which can be deflated and inflated at will. This stop-go driving of the economy by the KBL has already exacted a cruel price in terms of declining productivity, business closures, massive unemployment and underemployment as well as declining living standards.

These unfavorable repercussions and the people's loss of confidence in the dictatorship have created a wide range of uncertainties in the whole spectrum of the nation's economic life, debt rescheduling and new moneys notwithstanding. The KBL stabilization program cannot inspire business confidence nor revive the moribund economy.

In fact, for the second consecutive year, our economy will suffer negative growth of minus 5 to minus 6 percent unemployment of 15 percent, underemployment of 45 percent and a peace and order situation so bad the Philippines has been described as Asia's next flashpoint.

UNIDO's Alternative Stabilization and Recovery Program

In order to create economic stability, and spur the recovery of our economy, UNIDO proposes:

First, to renegotiate our massive foreign debt based on a reasonable level of our capacity to pay we shall have to face our creditors squarely and tell them the truth. We are confident that the Philippines, given a leadership that is credible because it has been the genuine mandate of the people obtained through free and fair elections, will be viable enough to bargain for better terms.

Second, to provide for a constitutional and legislative revision of the budgetary process that would make it difficult for government to run large budget deficits, limiting government spending to a percentage of the national income, and restoring to the legislature the power to authorize the public debt. The power of the Executive to contract and guarantee foreign and domestic loans for and in behalf of the Republic under the Marcos Constitution should therefore be revoked

Third, a strong commitment to the wise and prudent use of the nation's scarce credit resources. Therefore, distortions of investment priorities as well as massive loans to a favored few which have resulted in waste and in investment failures should be stopped. Government's presence in commercial banking should be curtailed, and a rigid scrutiny, through periodic management audit of financing institutions will be conducted.

Fourth, to implement a comprehensive plan for dismantling regulations and monopolies that have stifled private initiative and led to inefficiencies, mis-allocation of resources and undue concentration of wealth and power in the hands of a chosen few without corresponding accountability.

Fifth, to vest in the Central Bank all the powers and prerogatives it needs to maintain its independence of the Executive and become truly the central monetary authority. In this regard, the Monetary Board must have more representatives from the private sector, recommended by the private sector itself in keeping with our commitment to genuine participatory government.

Sixth, to keep the inflation rate at a manageable level thus ensure that the real income of the people would enable them to enjoy a decent standard of living.

Finally, to establish no-frills, no-nonsense, "back-to basics" governmental bureaucracy under a leadership that will set the example in terms of personal austerity and moral courage a leadership that will not over-tax because it will not over-borrow; a government that will not over-spend because it will eliminate the blind stealing and wanton waste of our people's resources.

A Capsule Comparison

At this point, let me encapsulate our position as against that of the KBL on major business and economic issues and concerns:

-- On budgetary priorities and the allocation of resources, the KBL spends far too much on defense and armaments, as well as on highly visible impact projects and redundant ministries of little social benefit.

UNIDO shall instead allocate more resources to food production, the development of agriculture and marine resources, land reform implementation, and the delivery of adequate social services such as education and health.

-- On development planning, the KBL plans from the top, paying lip service to the process of sectoral consultation, while we believe firmly in participatory planning, through the meaningful involvement of industry and provincial development councils and decentralization starting from the planning stage.

-- On development strategy, we reject the KBL's myopic "trickle-down" approach whereby benefits accrue only to a few cronies, and shall instead adopt a "back-to-basic" approach which shall address decisively the needs and requirements of the majority of our people particularly those below the poverty level.

-- On the economic system. We are for a mixed economy where free enterprise in tempered by social justice, unlike the KBL which favors heavy government participation in economic affairs, we in the UNIDO would rely more on the private sector as the principal determinant of our economic programs.

-- On exports, we will drastically cut bureaucratic red tape and stabilize exchange rates as an incentive to our exporters, something the KBL has always promised but never delivered.

-- On technology, one of the most significant elements in increasing productivity. We will gradually wean away the economy from high-cost, imported technology while seriously developing indigenous technological and scientific inventions and innovations.

-- On taxation, the KBL's heavy reliance on indirect taxes is regressive and inequitable. We, on the other hand, do not believe that the burdens of taxation should unduly increase costs and result in high prices which ultimately punish the majority of our poor consumers. We are for equating taxes to one's capacity to pay.

-- On the trade liberalization program, the KBL would accelerate the pace of tariff removals without giving adequate time for business to rechannel their resources or enhance their competitive efficiency. While we do not believe in over-protecting the so-called "infant" industries to the point of condoning inefficiency and uncompetitiveness, we shall give adequate time for phasing-out, and establish a defined set of criteria and time frame in close consultation with industry sectors.

-- On investment incentives, unlike the KBL the UNIDO shall provide:

1. A predictable, stable policy framework; within which to plan and build;
2. A fair and speedy system of justice;
3. Consistent and equitable application of clearly defined rules and regulations;
4. Elimination of direct government involvement in the private sector; and
5. An effective, efficient and fairly-priced communications network, a reliable transportation infrastructures, and reasonable energy and water costs.

-- On monopoly capitalism, which we earlier described as one of the pillars of the KBL power control structure, UNIDO commits itself to the real instead of cosmetic dismantling of such monopolies in sugar, coconut, food distribution, and others, without however allowing a reversion to premartial law oligopolies and cartels. We are for strong anti-trust legislation that will prevent over-concentration of economic power.

Political Pre-Conditions

Economic recovery, however, never materialize until and unless we take the first essential step towards political stability, which is the dismantling of the dictatorship and the restoration of our people's lost liberties under a regime of freedom and democracy. Economic freedom and political freedom are inseparable. This first step is the condition sine qua non to recovery and genuine economic development. With it goes the return to the principles of separation of powers, checks and balances, accountability and a free press -- in order to prevent abuse of power and excess of privilege. For this purpose, it will be necessary to re-establish a constitutional framework for the limitation and accountability of political power.

The writing of a new Constitution that will reflect the true aspirations of our people and which will render impossible the emergence of another tyrant in the national political scene is a must in a post-Marcos government.

Also, we have to grapple with the painful reality that in our countryside, and even in our cities, Filipinos are killing brother Filipinos, on a scale never even imagined in our history. Driven by oppression and injustice, repression and military abuses, and seeing no hope in a social order that condemns millions of Filipinos to grinding poverty, many have resorted to arms.

It is our firm belief that a government after Marcos must offer the conciliatory hand to all "political offenders" by proclaiming a general amnesty. We must start on a clean slate by ending the senseless killing of Filipinos by Filipinos before we can proceed to the business of re-building the nation.

UNIDO's Vision of a Just Society

I would not be so unkind as to say that the present regime has never had any vision of development. But somewhere along the line, the vision, whatever it may have been, was lost in the all-consuming lust for political power and economic plunder.

Hence, there is a need for a post-Marcos leadership to re-focus on a vision of a just society. To us, the most important goal of a post-Marcos leadership must be to address decisively the painful reality of a society where too few have too much and too many have too little. Never in our life as a nation has there been a more impelling need to properly allocate scarce resources to match the increasing expectations of 54 million souls, three quarters of which now subsist below the poverty level.

Immediately after the dictatorship is removed, we shall have to assess our resource position vis-a-vis the basic needs of our population. We must call on the leaders of the various sectors of our society to sit down with their government counterparts and dialogue on optimal allocations, inventory whatever else is left to allocate, whatever else is recoverable, and how best to allocate them. We shall be confronted with the need to sustain economic growth, imposed by the urgency to make a nation of 54 million survive. Thus, a basic-needs-approach that will harness our resources and skills towards the fulfillment of the livelihood requirements of our people, will be imperative.

Increasing our domestic production to attain self-sufficiency in basic needs will be the primary task of our economic policymakers. We must undertake related thrusts at rural mobilization to uplift the living standards of the 70 percent of our people in the farms.

Accordingly, we must allocate more resources into assuring the proper implementation of land reform, make the tiller of the soil a more self-reliant landowner, harnessing indigenous and adaptable farm technology, to increase land productivity. This is made all the more urgent by the need to counter the problem of insurgency positively, not by counterforce, but by making the development process responsive to the needs of the poorest of our poor.

We must make our people realize that private property has a social function, and not exclusive rights to use or abuse as the owner deems fit. The feudal practices of landlords by gone days are gone forever; property must be used as an instrument to achieve the greatest good for the greatest number.

UNIDO is likewise deeply committed to the principle that the Filipino must be the master in his own house. This principle extends both to political as well as economic sovereignty.

Economic nationalism, however, specially in the light of the need to create more jobs and income opportunities for our population, does not preclude the entry of foreign entrepreneurship, provided it supplements and does not supplant and provided it helps without exploiting.

I have presented to you the highlights of UNIDO's economic program for national recovery and progress. It is diametrically opposed to the KBL's program of a dictatorship of production now imposed by the regime's sole leader who, by himself decides what, how, and for whom goods and services are produced.

We in the UNIDO are for transforming the economy into a mixed, humane economy where the peso votes of consumers cast every day in the market place of final goods will determine what things are to be produced, where the competition of different producers will determine how things are to be produced, and where supply and demand in the markets of productive services will determine for whom things are to be produced.

In short, this triad of economic functions shall be determined not by coercion or dictation from government, but by a competitive system of markets and prices and private entrepreneurship.

Finally, let me in all candor disabuse your minds from thinking that a new post-Marcos leadership will quickly deliver happy days as is often promised. Just as it is not easy to merely wish the repressive dictatorship to disappear, so shall it be difficult for any post-Marcos leadership to quickly transform vision to reality.

The task of rebuilding amid the rubble of a shattered dictatorship will require heroic sacrifices from each and every Filipino. To that task we should all consecrate our time, our talents and our efforts in order to bequeath to future generations a solid foundation from which progress and prosperity can take off.

We in the UNIDO pledge a leadership committed to suffer as much as the people -- a self-effacing leadership that will lead by the power of example, with the moral courage to face any test and make any sacrifice, firm in the faith that there is a just God who looks with compassion upon a people courageously and resolutely striving to lift themselves toward their vision of a truly just and free society.

NATION SINGLED OUT FOR 'SPECIAL ABUSE' OVER DEBTS

HK100537 Quezon City Maharlika Broadcasting System in English 0130 GMT 10 Nov 85

["Analysis of the News" by Teodoro Valencia]

[Excerpt] In what may now be called the Montevideo Declaration of the Latin American economic ministers, they would like a postponement or an easing of the terms of collection of their debts which are, in their words, unpayable. In other words, the Latin American borrowers may no longer be able to pay what the lender countries want. And to, shall we say, underline their sentiments, to prove that they are against foreign debts, these Latin American countries will put up work stoppages, marches, rallies, and what have you, all over Latin America.

In other words, the prevailing sentiment in Latin America, South America, and many other developing countries is they don't want to pay any more. They would like a moratorium on the payment of the foreign debt.

And yet you can see the Americans are not assaulting these Latin American countries as they are with us. They are interfering in our domestic affairs, castigating the Philippine Government, berating President Marcos, and insulting the Filipino people because we cannot pay our foreign obligations, and we are asking for a renegotiation, in other words, a postponement of the period for payment, or rather an extension of the period for payment.

But we never renege on our foreign obligation, in fact we are paying the interest on every obligation we have. And yet we have been singled out by the United States and all other lending countries for special abuse. What are they going to do about these Latin American countries that say outright, openly, they are not going to pay any more? They will not pay their foreign debts, they cannot afford to pay. We are the only people who have the honor, the dignity to stand on their word, to say they are paying, and we are paying. But we are not being singled out for any special praise; we are singled out for special abuse, insults.

And, how can we pay our foreign debts if they continue to do what they are doing to destabilize our economy and destroy [words indistinct] our export products. They want us to pay, but they are also trying to make sure we don't pay. What do they want? Are they only interested [words indistinct] to make us once again a colony, to be told what to do, for them to run our affairs, so that their military bases in the Philippines will be entirely safe, and no Filipino can stand up and question what they are doing?

Right now, the American Government has again appropriated \$104 million for the Philippines for the improvement of the Clark Airbase. That's not money for the Filipinos, we are not going to benefit from that. We know the Americans are buying their [words indistinct], their bananas outside the Philippines. They don't want to patronize us. Yet they want the whole world to know that the money they are spending for their own installations is helping the Filipinos. They are not only fooling us, they are fooling the whole world and themselves this way.

I think we should be given better treatment. We owe the money, yes, but we are paying, we intend to pay. We are making sacrifices to be able to pay. But the countries that don't want to pay them, the countries that are insulting them, putting up a fight against them are being pardoned, while we are selected for special abuse.

SOURCES SAY IMF WANTS MAJOR PESO DEPRECIATION

HK121544 Manila BUSINESS DAY in English 12 Nov p 2

[By Rigoberto D. Tiglao]

[Text] The talks between the government and the International Monetary Fund (IMF) management for the release of the Fund's third credit portion will end this week with the IMF mission sent to Manila scheduled to leave Saturday.

BUSINESS DAY learned that the talks were prolonged with the four-man team headed by Anoop Singh earlier scheduled to leave tomorrow, Wednesday. The government is hoping that an agreement with the IMF management can be reached soon since failure to do this may mean the third tranche can be released only by next year. This is because the mission will require at least a week to prepare its report for submission to IMF managing director Jacques de Larosiere. Also, the IMF executive board which will decide on the release of the third tranche is required a "two-week circulation period" to evaluate the Fund management's recommendation. If the government fails to reach an agreement with the IMF mission now in Manila, the Christmas season break will push back the Fund schedules to next year.

The release of the third tranche in the next two months is critical to the country's stabilization program mainly because the second \$300-million portion of the new loan from the country's commercial banks can be drawn only after the government draws on the IMF tranche. Although the Central Bank [CB] has been able to pay off all interest charges out of the first portion of the new money, CB estimates indicate a bunching up of interest payments toward December and January. Already, the CB in the last several banking days has again started purchasing dollars from the foreign exchange trading floor of the Bankers Association of the Philippines (BAP) to ensure that payment of the country's foreign obligations will not bring down its international reserves below the \$1-billion level.

CB officials said agreements with the IMF management regarding monetary targets have all been firmed up. Still being finalized are the ceilings on the national government budget deficits and the reform program for the sugar and coconut sectors.

Sources in the international financial community however are convinced that the IMF is insisting on a major depreciation of the peso as a policy tool to boost the country's collapsing exports.

DEBTS TO PARIS CLUB COUNTRIES RESTRUCTURED

HK120236 Manila BULLETIN TODAY in English 11 Nov 85 p 30

[Text] The Philippines has restructured at least \$420.34 million dollars in official debts owed to Paris Club creditors out of the total \$1.01 billion which are subject to restructuring. Already restructured are debts owed to eight countries. These are Belgium, Finland, France, Germany, Italy, Spain, United States and Denmark. Covered by the loan restructuring agreements signed by the Philippines with these eight countries are outstanding arrears as of Dec. 31, 1985 and amortizations on principals and interests due this year and the first half of 1986.

The latest loan restructuring agreement to be signed was with Denmark involving \$12.255 million in official and commercial credits.

The Philippines is expected to sign soon a similar agreement with Switzerland covering some \$7.3 million in official debts.

Meantime, negotiations for the restructuring of some \$410.3 million owed by the Philippines to Japan will start Wednesday in Tokyo, Japan. The Philippine delegation headed by Central Bank Senior Deputy Governor Gabriel Singson and assistant finance minister Ernest Leung has left for Tokyo.

Conclusion of the restructuring talks with Japan is considered a major step towards the early completion of the official debt restructuring program with Paris Club creditors and the release of the second and third tranches of the 925 million dollar new money facility. Under the new money facility agreement signed with the country's 483 creditor banks, the Philippines "shall have entered into a multilateral arrangement with its official creditors" on the rescheduling of its debts before it can avail of the tranches.

Among the 22 foreign governments to which the Philippines is indebted, the Japanese Government accounts for the largest portion amounting to \$410.3 million or 40.6 percent of the total Paris Club debts. The other top government creditors are the United States, \$215.4 million; United Kingdom \$99.4 million; France \$65.1 million; and Austria \$59.1 million. Official debts owed to these foreign government are being restructured in accordance with the agreement reached by the Philippines with representatives of Paris Club member countries last Dec. 20, 1984. Under the agreement, debts owed by the Philippines to Paris Club creditors contracted before April 1, 1984 will be rescheduled over a period of ten years, inclusive of a five year grace period. The rescheduling will cover 100 percent of the principal amounts of the loan and 60 percent of interest payments.

NATION'S FOREIGN EXCHANGE OBLIGATIONS DROP

HK110774 Manila PHILIPPINES SUNDAY EXPRESS in English 10 Nov 85 p 9

[By R. Marcelo]

[Text] The country's total foreign exchange obligations has dropped to \$25.195 billion as of end-June this year, or \$223 million lower than the end 1984 level of \$25.418 billion, the Central Bank (CB) said. The CB said that the decline was due to the drop in banking sector obligations from \$8.23 billion to \$7.849 billion because of the drop in deposits of foreign banks, the termination of swaps under the ASEAN Swap Arrangement, and payments to the International Monetary Fund (IMF).

Of the total foreign debts, 68.1 percent or \$17.151 billion represented obligations of the non-banking sector and 31.1 percent or \$7.849 billion were owed by the banking sector. By maturity, \$16.076 billion or 63.8 percent were medium and long-term debts, while \$9.119 billion or 36.2 percent were short-term obligations payable within a year.

Of the short-term debts, the CB said that \$5.21 billion are trade-related obligation, the bulk of which or \$3.397 billion are accounted for by the non-banking sector. About \$4.068 billion of the banking sector's debts are owed by the CB, which was down by \$51 million from the end-1984 level of \$4.113 billion.

The foreign obligations of the commercial banks, on the other hand, amounted to \$3.787 billion, of which \$2.426 billion are owed by private banks and the remaining \$1.361 billion obligations of government banks. The CB noted that although final negotiations on the \$3-billion trade facility and the \$925-million new money package were completed last May 20, no availment was made during the second quarter.

RELEASE OF FUNDS AIDS FOREIGN-ASSISTED PROJECTS

HK121557 Manila BULLETIN TODAY in English 12 Nov 85 p 5

[Text] Thirty-five foreign-assisted projects -- 12 by the Asian Development Bank (ADB), 14 by the International Bank for Rural Development (IBRD), and nine of the U.S. Agency for International Development (USAID) -- have accelerated implementation with the release of additional peso counterpart funds totalling P904.85 million.

The Economic Support Fund (ESF), proceeds from the U.S. bases rental, was the source of the fresh peso counterpart funds. Through its Rural Productivity Support Program (RPSP), the ESF had earlier allocated \$47.5 million to the foreign-assisted projects whose implementation stood threatened by indefinite delays due to the Philippine Government's inability to provide the peso counterpart funds. Among the projects are the Seventh Educational Sector Loan which includes the construction of about 2,000 classrooms nationwide with an allocation of P116 million by the ADB; the Third Road Improvement Project with an allocation of P106 million, ADB; Fishery Training Project with an allocation of P93.4 million, also by the ADB; and the Samar Integrated Area Development with an allocation of P83.6 million, also by the ADB, among others.

Actual releases to 33 projects as of September this year amounted to P779.36 million or 86.13 percent of the total allocation, according to an office of Budget and Management report to the ESF secretariat. The foreign-assisted projects, all receiving financial support from the ESF's Rural Productivity Support Program aim at improving rural productivity, stimulating rural employment and delivering basic needs services especially in the least developed areas in the countryside upon completion.

ECONOMIC INDICATOR ON TRADE GAP WITH ASEAN SWELLS

HK121605 Manila BUSINESS DAY in English 12 Nov 85 p 2

["Economic Indicator" column: "RP's ASEAN Trade Cap Swells"]

[Text] The country's trade with other countries in the Association of Southeast Asian Nations (ASEAN) resulted in a deficit of \$17.641 million in July, 70.30 percent higher than the \$10.359-million deficit recorded in July 1984, figures released by the Central Bank showed. The increase in the country's deficit in its trade with its ASEAN partners was primarily due to the 26.69 percent decline in exports from \$51.711 million to \$37.908 million. Imports from the region, on the other hand, decreased 10.51 percent to \$55.549 million from \$62.07 million last year.

The Philippines experienced favorable trade balances with Thailand and Brunei. The country's trade with the two countries resulted in a surplus of \$1.818 million for Thailand and \$586,000 for Brunei, a turnaround from last year's deficits of \$14.336 million and \$2.902 million, respectively.

Philippine trade with Singapore likewise resulted in a surplus of \$809 million. However, this marked a 95.08 percent decline from last year's trade surplus of \$16.439 million.

Trade with Malaysia ended in a deficit of \$7.917 million compared to only \$4.196 million a year ago. Imports from Malaysia fell 22.73 percent to \$21.11 million while exports to that country declined 42.95 percent to \$13.193 million.

The country's biggest deficit was recorded in its trade with Indonesia which amounted to \$12.937 million from only \$5.364 million in July last year. Imports from Indonesia rose sharply by 145.15 percent to \$15.03 million while exports registered a hefty 172.88 percent increase to \$2.093 million.

RP-ASEAN Trade
July 1984 and 1985
(Fob value in thousand US\$)

	Balance of trade		Imports		Exports	
	1985	1984	1985	1984	1985	1984
Indonesia	(12,937)	(5,364)	15,030	6,131	2,093	767
Malaysia	(7,917)	(4,196)	21,110	27,320	13,193	23,124
Singapore	809	16,439	12,588	10,685	13,397	27,124
Thailand	1,818	(14,336)	6,821	14,992	8,639	565
Brunei	586	(2,902)	--	2,942	586	40
Total	(17,641)	(10,359)	55,549	62,070	37,908	51,711

Source: Central Bank

ASIAN DEVELOPMENT BANK TO ASSIST WATER PROJECT

HK130911 Quezon City Maharlika Broadcasting System in English 0700 GMT 13 Nov 85

[Text] The Asian Development Bank has agreed to finance the preparation of a project of the Ministry of Public Works and Highways. The project is intended to develop water supply sources in 14 provinces. The primary objective of the technical assistance is a 3-month period starting on January. [as heard].

TRADE MINISTER PREDICTS LOWER INFLATION RATE

HK081552 Manila TIMES JOURNAL in English 8 Nov 85 p 7

[Text] The country's inflation rate would drop to a single digit level by the end of November, according to Trade and Industry Minister Roberto V. Ongpin. Ongpin, in a rare television appearance before the show "Viewpoint" Tuesday night, said the inflation rate would not have reached its present level had the government not adopted stringent fiscal and monetary policies. "We took the pill and we are now feeling its benefits," Ongpin said, adding that high interest and strict monetary rules allowed the continued decline of the inflation rate.

Among the policies adopted by the government was the floating of the peso value vis-a-vis the U.S. dollar and the increasing of the interest rate through the release of the so-called "Jobo bills." The inflation rate, the gauge of price increase of consumer products, reach a high of 64 percent last year to a low of 10.7 percent last month.

Ongpin underscored the importance of adopting the recommendations of the International Monetary Fund as vital to the national economic recovery program. "The inflation rate is the most insidious problem of the economy and now we have solved it," Ongpin said: Ongpin added that the country has had a fair record of controlling inflation rate as compared to other countries which have inflation rate of 400 to 6,000 percent.

"If it is happening in our country, it would mean the prices of consumer products would be out of reach of ordinary people," Ongpin said. Ongpin said the primary concern of the government are those who belong to the "low income group and those who do not have too much assets."

INSURANCE, SOCIAL SECURITY SYSTEMS MAY DIVEST

HK090941 Manila PHILIPPINE DAILY EXPRESS in English 8 Nov 85 p 9

[Text] The Government Service Insurance System (GSIS) and the Social Security System (SSS) will be included in the programmed rationalization of the government financial sector. Informed government sources yesterday said that these agencies were included in the rationalization plan following findings that there is no assurance of their viability in the long-term. An in-depth study of the operations of the GSIS and the SSS is being made to determine the options that would ensure their operational viability in the long run, the official sources said. They said that the study was necessary since the GSIS and the SSS may be forced to divest of their holdings in various non-allied understandings.

The Central Bank (CB) listing of the public corporate sector showed that GSIS has six subsidiaries, including the Philippine Airlines (PAL), the Manila Hotel Corp. and the Meat Packing Corp. of the Phils. The SSS, on the other hand, has as its subsidiary the Century Holding Corp. (CHC), although it also has a stake in the Union Bank of the Philippines.

The sources said that these agencies are profitable because of their investments in their subsidiaries which "they must give up under the rationalization program." The programmed rationalization of the public financial sector would be fully on stream in 1986 and would call for substantial changes in the government's role in banking.

Already included in the rationalization program, which will be financed by a \$250-million loan from the World Bank (WB), are the chartered banks like the Philippine National Bank (PNB) and the Development Bank of the Philippines (DBP) and government-acquired banks, like the Associated Bank and the Union Bank. The major problems relating to the public financial sector that have already been identified include the excessive government participation in banking, the weak financial situation of state development banks, and an inadequate control and supervision of government financial institutions (GFIS).

Fast shaping up in the rationalization of the financial sector are the merger of the PNB and the DBP and the creation of an industrial bank that would provide medium to long-term funds for vital undertakings. Aside from the financial sector, a rationalization program for the public corporate sector will also be undertaken in 1986 and 1987. This program, which will also be funded by the WB loan, will call for the sale, merger or conversion into line agencies of the 300 or so existing government corporations.

MINISTER ESCUDERO ON RESHAPING IRRIGATION PROGRAM

HK121546 Manila BUSINESS DAY in English 12 Nov 85 p 2

[Text] Agriculture and Food Minister Salvador Escudero III yesterday said the Philippines plans to reshape its irrigation program. Escudero said the program will now focus on short gestation projects and take into consideration its social impact on the people. He announced the new thrust in irrigation in addressing some 50 Asian delegates to the first Asian regional workshop on monitoring and evaluation of irrigation projects at the Hyatt Regency Hotel.

Escudero said financing inadequacies necessitate a more rational approach to irrigation development that would optimize current resources. He said the Philippines is targeting the expansion of irrigated areas by 247,000 hectares more by 1987, on top to the present 1.4 million hectares. Of the current total area, communal systems from the past coverage of only 6,000 hectares have expanded to 600,000 hectares.

SHIPPING COMPANIES REQUEST DEBT RESTRUCTURING

HK081548 Manila BUSINESS DAY in English 8 Nov 85 p 7

[Text] Five shipping companies operating bulk carriers have asked Development Bank of the Philippines and Philippine National Bank for a restructuring of their loans amounting to P2.3 billion. A report to Prime Minister Cesar Virata, who was asked by the two banks for permission to negotiate the restructuring, says Roberto S. Benedicto is either a "stockholder, director, or incorporator," of the five companies. One company mentioned was Fusa Bulk Carriers. According to the report, out of the shipping companies' total P2.3 billion debts, about 80 percent were past-due as of September this year. The restructuring proposal involves pegging the servicing of the loans based on the actual cash surpluses of the five shipping companies. Recent reports indicate that many shipping companies in the country are on the verge of bankruptcy as a result of the government's economic austerity program. Maritime Industry Authority administrator Victorino A. Basco has reported that the country's shipping industry suffered a reduction in overseas fleet from 111 vessels in 1979 to 41 last year. The country's program to cut down and the sharp drop in exports have resulted in a huge overcapacity in the shipping industry, particularly for bulk carriers which mainly carry such export commodities as sugar and copra.

LABOR GROUPS HOLD 'SUMMIT CONFERENCE'

HK120230 Manila BUSINESS DAY in English 11 Nov 85 p 9

[By Ramon R. Isberto]

[Text] About 600 leaders of labor federations and local unions in Metro Manila met yesterday at the Pope Pius XII Center in what conference organizers billed as an attempt to unite the "progressive bloc" of the trade union movement to face up to bigger challenges ahead. Officials of the Pambansang Koalisyon ng Manggagawa Laban sa Kahirapan (National Workers Coalition Against Poverty) or PKMK told BUSINESS DAY yesterday that the "summit conference," which was still ongoing as of press time, is part of efforts to unite not only the 35 or so labor groups now under the PKMK umbrella, but also a larger number of trade union organizations.

PKMK co-chairman Rolando Olalia said the labor group aims first to promote unity within itself and then to promote greater trade union unity under a broader umbrella. PKMK co-chairman Bonifacio Tupaz added that one possibility is to convene an ad hoc committee as the vehicle for this effort.

Various speakers discussed a broad range of subjects in relation to the problems facing the trade union movement. These included the impact of general political and economic developments, the newly-passed Public Assembly Act, the pending bill of MP Renato Cayetano calling for stiffer constraints on strikes and the violent incidents that marred the protest rally of the Bagong Alyansang Makabayan (BAYAN), [New Nationalist Alliance] at Escalante, Negros Occidental and the farmers' march at Taft Ave., Manila.

Loretta Ann Rosales, chairman of Bayan's Popular Struggle Commission, denounced the conditions imposed by the International Monetary Fund as the proximate causes for workers' worsening conditions. Among others, she condemned the government's adoption of a wage restraint policy while inflation soared to as high as 63 percent last year. She added that the high interest policy, which is part of the IMF conditionalities, has driven many Filipino firms into bankruptcy and resulted in retrenchments and layoffs. She added that the impending plan to liberalize imports will further devastate businesses and worsen employment.

Turning to the political scene, Rosales denounced the snap elections as a scheme that is intended mainly to answer the demands of the United States Government for an orderly transition process to a post-Marcos era. She said that it is a plan meant to deceive the Filipino people that democracy is being restored. She warned that the U.S. is out to coopt sections of the elite into cooperating in a farcical polls.

Lawyer Potenciano Flores Jr. of the STRIKE (an association of labor lawyers) on the other decried the Public Assembly Act as a "law full of holes (hata na puro butas)." He said that the law, as worded, is likely to result in more, not less, restrictions on citizens' rights to peacefully assemble and express their grievances. Flores explained the act requires organizers of demonstrations to seek a permit whenever the proposed mass action will be held on public property. The law provides further that such assemblies will not be permitted in major thoroughfares, meaning rallies at such favorite sites Mendiola, Liwasang Bonifacio and Plaza Miranda are not likely to be granted permits.

Flores added that the law may also hinder workers' right to picket during strikes. He said that, although the law excludes labor pickets from the general category of public assemblies that have to be authorized through a permit by town and city mayors, strike pickets may still be restricted. The labor noted that many pickets make use of the street or at least the sidewalk around a strike-bound firm. Under the law, such sidewalks are public property. "Do unions have to get permits to picket on the sidewalk? Flores asked.

NAMFREL CHAIRMAN ON ACCREDITATION IN SNAP POLL

HK141117 Manila Far East Broadcasting Company in Tagalog 1000 GMT 14 Nov 85

[Text] National Citizens' Movement for Free Elections [Namfrel] Chairman Jose Concepcion said his agency should be given accreditation so that a fair and honest snap election can be held. Concepcion said that the Commission on Elections should grant Namfrel accreditation like it did during the last Batasan election when Namfrel participated in a quick count operation. He pointed out that with the short period of time involved before the snap election takes place, it will be impossible for the Comelec to speedily process votes. Concepcion said that the Kilusang Bagong Lipunan proposal to grant accreditation to other civic groups is not feasible since no other groups have the Namfrel's experience in past elections.

ENRILE EXPECTS U.S. IMPARTIALITY IN POLLS

HK130538 Manila METRO MANILA TIMES in English 11 Nov 85 p 1, 5

[By Arnold Atadero]

[Text] Defense Minister Juan Ponce Enrile said over the weekend he did not believe the United States would support any candidate for President in the accelerated national elections proposed to be held on January 17 next year. He said, however, the U.S. would be closely watching the conduct and results of the voting.

Enrile made the statement in answer to a question by a foreign correspondent on whether or not U.S. support or backing for any presidential bet would be vital in the coming elections. The foreign correspondent was apparently referring to a claim made by former Philippine President Macapagal that "no presidential candidate had won in the political race without "the backing of the U.S."

"I don't think they (U.S.) will be supporting anybody," Enrile told the correspondent, adding that "they (U.S.) are merely interested on how it will be conducted and not who is going to run or who is going to win." "It's in their (U.S.) interest and ours also that we run a credible, honest, clean and fair elections and this is the principle under which we have discussed this exercise in the ruling party," Enrile told the correspondent. Asked whether the U.S. was operating more responsibly here than in Iran and Vietnam, Enrile answered, "I don't know." He said he could not make any judgment since he did not have all the facts.

America's interest in the results of the coming political activity in the country was manifested only recently when Sen. Edward Kennedy announced in the U.S. Senate he was organizing a team of legislators to observe the balloting on January 17. Kennedy was quoted by a foreign wire service as saying that his move was in response to the call of President Marcos for international groups to come to the Philippines and observe the elections.

Enrile emphasized the importance of the presidential election as well as the scheduled local elections in May 1986. He said these would strengthen the political structure all the way to the grassroots level. In an earlier interview with reporters at Camp Aguinaldo last week the defense chief said the elections would be vital in restoring the confidence of the people in the democratic process and system.

Enrile had told the reporters that the "black propaganda" campaigns mounted by the enemies of the Republic had partly succeeded in eroding the government's credibility. "That's why we're trying to assess the popular support because we don't know right now whether what the enemies have been propagandizing are true or false," the minister told them. He said it was better to go to the people and let them express their preference through the ballot.

Enrile said the money injected into the economy in the event of an election would not affect much the stability of the economic recovery program. Quoting Trade Minister Roberto Ongpin, Enrile said the coming political exercise would reinvigorate the business climate in the country. He said he did not believe the elections would jeopardize the economic recovery program or result in the breakdown of law and order.

The minister recalled that in one of the ruling party's meetings, the President asked how much it would cost to stage or run in the coming polls. "To my great surprise, it was not what I thought it would be. So, I don't think it will happen the way some people imagine the situation," Enrile said.

ENRILE PINPOINTS PROBLEM AREAS FOR COMING POLLS

HK140845 Manila PHILIPPINES DAILY EXPRESS in English 13 Nov 85 pp 1, 6

[Text] Defense Minister Juan Ponce Enrile identified yesterday six potential problem areas in the coming elections. The areas are in the Cordilleras in Northern Luzon, central Panay island, central Samar, the so-called Chicks towns of Candoni, Hinoba-an, Ilog, Cauayan, Kabarkalan, and Sipalay in Negros Occidental, and highland Mindanao.

The rebels, Enrile said, are expected to disrupt elections proceedings in those areas as they have done in the past. As a policy, he said, rebels support candidates in areas where they are strong, and disrupt elections in places where they are weak to show the people the uselessness of elections and the helplessness of the government in dealing with insurgents.

The defense ministry and the military, Enrile said, are ready to protect the people who will participate in the electoral process. "We will keep the military forces in readiness just in case there would be a breakout of troubles in some areas so that the people can exercise their right to participate in the elections without being hampered by any extraneous influences, either by people creating trouble against the republic or our own people," Enrile said.

"I agree with the policy of the President of not allowing the military to engage in election activities, except to vote, or to influence in any way the outcome of the elections," Enrile said. Both the PC [Philippine Constabulary] and the police, Enrile said, will participate in any role assigned to them by the Commission on Elections while the army, navy and air force will perform their task of dealing with the problem of insurgency as they have been doing in the past.

Despite the claim of some people, Enrile said, the participation of the military in past elections has been minimal. The air force and the navy have largely been confined to the duty of ferrying ballot boxes and election returns but the use of military aircraft and vessels has to be first authorized by the Comelec, he added.

COLUMNIST ON CHOICE OF OPPOSITION CANDIDATE

HK140837 Quezon City ANG PAHAYAGANG MALAYA in English 4 Nov 85 p 4

["Now and Then" column by Jose J. Burgos, Sr: "Doy or Cory"]

[Text] The struggle for the honor and the right to run for President under the united opposition in the coming presidential poll has narrowed down to between Doy Laurel (Unido) and Cory Aquino (NUC) [National Unification Council]. None in the LP [Liberal Party] is in the running for as long as the party is divided between Jovito Salonga and Estrada Kalaw.

The decision will be made by the NUC, composed of the various anti-Marcos groups, if the agreement signed by the heads of the various opposition groups last March will still hold. If the National Unification Committee headed by MP Cecilia Munoz-Palma, will undertake the very ticklish, sensitive and all-important job, it would appear that the widow of the slain opposition senator has the edge. That is, if Cory Aquino will finally make up her mind to run. As of her last statement on the matter, she will only toss her bonnet into the ring on two conditions: that the presidential poll is a snap or instant election and that one million voters from all over the country will sign the manifesto being passed around by the "Cory for President" movement, urging her to run.

This matter of selecting the candidate against Marcos is most delicate and should be handled with a great deal of tact and care. One mistake, and the opposition will be irreparably split between the forces of Doy and those backing Cory. A split is what the ailing President, who is given only from six months to one year to live will most ardently hope and pray for. It is most important that the issue of who between the two will be the opposition candidate should be decided as early as possible. Letting the rivalry drag may result in an unbridgeable schism between the two groups.

Then, the opposition will have two or more candidates, and Marcos will be singing, "happy days are here again."

Both Doy Laurel and Cory Aquino are admittedly strong. But one is certainly stronger than the other. To be able to beat the incumbent or whoever he may put up as KBL bet, the opposition must make no mistake in putting up the strongest bet, one who has the best chance of licking the daylights out of the battle-scarred and ailing native Batac. It must be remembered that Marcos still has all the advantages in any political contest. And he is one politico who believes that "there's no substitute for victory."

Whom will the opposition choose for their candidate? Will it be Doy Laurel, a seasoned politician, veteran legislator, founder of Unido, who took to the campaign trail immediately after the Batasan election in May, 1984? Or will it be Cory Cojuangco-Aquino, widow of the former Senator who gave up his life on a mission of peace and reconciliation to his country, a non-politician, U.S.-educated like Doy, whose behavior and bearing since Aug. 21, 1983 have aroused a great deal of sympathy and admiration?

The final choice will determine, to a great extent, the course of history of this unhappy country.

COLUMNIST ON EFFECTS OF ELECTION ON OPPOSITION

HK140847 Quezon City ANG PAHAYAGANG MALAYA in English 5 Nov 85 p 4

["Publisher's Notes" column by Jose C. Burgos Jr: "Nightmare Begins"]

[Text] Now that President Marcos, in his usual shrewdness, has decided to hold a snap election for either the presidency or the vice presidency or for both coveted positions this coming January, the nightmare of the political and ideological opposition begins. Most affected by the sudden turnabout are leading presidential aspirants of the fragmented Opposition, not to mention the much-sought after "non-candidate" Cory Aquino.

Yesterday, various opposition wings hurriedly hied to separate closed-door meetings ostensibly to draw up their next move and everyone's sure that each of their leaders are pulling strings to search for a viable, instant political strategy.

Ex-Sen. Salvador "Doy" Laurel who, incidentally is currently in the United States, has a lot at stake. As the leading presidential aspirant (he had already been proclaimed as the Unido's bet against Mr Marcos or whoever he wants to take over the Malacanang hotseat), he must have been stunned by the sudden announcement of the President for the holding of a special election.

The Batangas firebrand, as everyone concedes, is a frontrunner and has, in fact, gone the normal way of political maneuverings. But Doy's nightmare is clearly Cory Aquino who must, herself, be agonizing through the answer to the knotty question: To run or not to run. Remember Cory just so recently softened up her stance over her direct political involvement when she cited two conditions to even "consider" running against any of the Marcoses: 1) should a snap election be held; 2) that a million signatures are gathered urging her to accept a presidential draft.

The first condition set forth by Cory is already academic. The second...well, a few weeks and Cory will be deluged with petitions for her to carry on what her husband had failed to achieve -- to unseat Mr Marcos.

The ideological anti-Marcos forces must also be in a dilemma. It is a known fact that Marcos -- and his almost 20-year rule -- has been a convenient excuse for the promotion of their cause for a change in government. Mr Marcos has, in a way, become the armed insurgents' "ally" in winning over to their side many disillusioned and impatient Filipinos. But with a snap election -- and the possibility, however remote it may be, that Marcos may be defeated -- the ideologues' gains may come to naught.

What is so far clear, however, is that the oppositionists' nightmare could be the Americans' dream.

OPPOSITION LEADER PIMENTEL CLEAR ON GRAFT CHARGES

HK140927 Manila BULLETIN TODAY in English 13 Nov 85 pp 1, 16

[Text] Opposition leader Aquilino Pimentel has been cleared of graft charges filed against him when he was mayor of Cagayan de Oro City. Tanodbayan Bernardo P. Fernandez dismissed seven counts of alleged violations of the antigraft law in two complaints instituted by Lourdes Maestrado-La Vina, a member of the city's Sangguniang Panglunsod [city board]. The Tanodbayan upheld findings of Special Prosecutor Jane Aurora C. Lantion that an investigation failed to turn up any evidence to substantiate the charges.

An inquiry undertaken by the National Bureau of Investigation (NBI) showed that:

1. A Betamax video machine purported to have been given the mayor as a Christmas gift had been purchased by Pimentel and paid for in installments.
2. Construction materials allegedly owned by the government and used in the building of the mayor's home were rattan poles actually bought by City Administrator Mordino Cua for Mrs Lourdes Pimentel.
3. No evidence was found that the mayor's cousin, lawyer Bonifacio Regalado, had influenced Pimentel in his decisions on violations of city ordinances where the lawyer represented certain stores and groceries.
4. Servicing of the city government's airconditioners was handled by a repair shop where another cousin, Rey Regalado, was only an employee and not the owner.
5. The sister of Mrs Pimentel, Mrs Teresita de Lallana, was appointed to a highly confidential position as the mayor's private secretary. The city executive had been charged with appointing relatives to government positions.
6. Pimentel had nothing to do with the complainant's ouster from chairmanship of the committee on health and services or the passage by the Sangguniang Panglunsod of a resolution condemning her as "irresponsible."
7. Mrs Pimentel chaired a private organization raising funds disbursed for humanitarian services. The mayor had been accused of allowing his wife to solicit money from businessmen without properly accounting for it.

ENRILE DISCUSSES PROBLEMS FACED BY REBELS

HK111527 Manila PHILIPPINES DAILY EXPRESS in English 11 Nov 85 pp 1-2

[Text] Defense Minister Juan Ponce Enrile bared yesterday a major split in the thinking of the leaders of the communist movement, saying that the new group that now leads the Communist Party of the Philippines [CPP] has opted for rapid military expansion.

Enrile said the new group, led by Rodolfo Salas, CPP chairman, is moving towards a rapid expansion of the party's military capability "hoping that they can create what they call a 'revolutionary climate' and a 'revolutionary situation' in the country."

Most of those in the new group are former New People's Army leaders, unlike those who led the CPP in the early years, who were political idealists, Enrile said. The new group's strategy is opposite that of the old leaders led by Jose Ma. Sison, who advocated a protracted effort in both political and military aspects of their struggle for state power, Enrile said.

The CPP's move to expand its military forces rapidly "is going to be surprising to them in a negative way because a rapid expansion like this will bring in its trail a lot of problems," Enrile said. "They themselves admit that the rapid expansion of their military force into what it is at this time has brought about a very severe financial problem, so that they have to resort to violence to extort money from the population," he said. "You cannot keep the morale and fighting enthusiasm of your men if they go hungry or they can not be attended to if they are sick or wounded," he said.

Aside from the sudden increase in their logistical requirements, the NPAs, Enrile said, have to deal with the military pursuing them and further reducing their chances of getting enough supplies and other needs. Due to the militarist nature of the new CPP leadership, Enrile said, some foreign observers and writers are beginning to perceive the situation in the Philippines as something worse than Cambodia. "In the event that these people, in the remote possibility, succeed in their effort, the world will see the most destructive communist party ever established," he said. Sales, a former NPA combatant is concurrently head of the CPP military commission while Rafael Baylosis, another former "red fighter" is the secretary general.

Enrile said despite severe and formidable constraints, the Mond [Ministry of National Defense] has managed to keep a relatively peaceful and stable environment for the sustained growth of the nation. However, he said, the defense establishment "is called upon to pit its strength and resolve against sinister forces that are bent on undermining our democratic institutions." The defense organization, Enrile said, shall continue to live up to the expectations of the people in the protection of their safety and welfare, in the defense of their sovereign will and in the attainment of their historical aspirations.

MARCOS' SECURITY CHIEF TO SUE MALAYA FOR LIBEL

HK141351 Manila METRO MANILA TIMES in English 13 Nov 85 p 1, 5

[Text] The commanding general of the Presidential Security Command [PSC] said yesterday today he would file a P10 million libel suit against the publisher and editor-in-chief of the daily newspaper PAHAYAGANG MALAYA for having impugned the integrity of the PSC in the paper's editorial last November 11. Brig Gen Santiago Barangan, PSC commanding general, said the suit, which he would file before Rizal Provincial Fiscal Mauro Castro, would specifically cite MALAYA for criminal libel for having imputed the commission of murder of Dr Potenciano Baccay to the PSC, "knowing full well that such an accusation is a falsity because the findings of the Makati police indicated that Baccay was a robbery-homicide victim." The suit will name Jose G. Burgos, publisher, and Lourdes Molina Fernandez, editor-in-chief, as respondents.

Dr Baccay was kidnaped from his home in Muntinlupa last October 31 when armed robbers barged into his home with the clear intention to divest him of cash and valuables, the police said.

His body was found several hours later near the Guadalupe bridge in Makati with multiple stab wounds. Baccay was vice president of the Philippine National Kidney Foundation [PNKF].

Initial police findings said Baccay had offered himself to be the hostage in place of his son, whom the suspects wanted to take with them.

In its editorial, the MALAYA said the Baccay slaying was linked to a news story in the United States that President Marcos had undergone two kidney transplants since 1983 and that he had only a year to live. The newspaper reports quoted Dr Baccay as having said President Marcos had the transplants in 1983 and 1984 and that he had only six months to a year to live. Another surgeon mentioned in the report, Dr. Enrique Ona, chief of transplant surgery of the PNKF, has since categorically denied the quotes in the same report attributed to him.

"We tie the news reports to the mysterious slaying of Dr Baccay," the editorial said. "It is now clear that the killing was not a simple case of robbery with homicide as the police had intimated, when one considers the undue interest in the matter of Malacanang's Presidential Security Command....then one is led to surmise that Dr Baccay had been silenced as an act of brutal reprisal and to prevent him from further revealing other details of Marcos's incurable sickness and his two surgeries," the editorial said.

GOVERNMENT BORROWING COUNTERS ANTI-INFLATION PLAN

HK150427 Manila BUSINESS DAY in English 14 Nov 85 p 2

[By Rigoberto D. Tiglao]

[Text] While practically cutting off credit to the banking system, the Central Bank [CB] so far this year has functioned as the government's major creditor, with the bulk of new money released by the CB going to the government in the form of budgetary loans. CB data made available to BUSINESS DAY indicated that the CB's net credits -- or budgetary loans less deposits -- to the national government as well as its other entities have risen to P15.3 billion as of end-July, nearly double the public sector's credits of P8.3 billion at the start of the year.

In sharp contrast, the CB's net credits to banks and other financial institutions stood at a negative P10.6 billion, which meant that, on the whole, the CB had not only stopped releasing pesos to the private sector but, throughout 1985, had been siphoning off and freezing the pesos it had released over the years. The negative P10.6 billion "net credits" to the public sector was a complete reversal of the CB's outstanding level of credits to banks at the start of the year which stood at P10.3 billion. Sources in the government said the huge level of government loans from the CB will require the government, until there is an improvement in tax revenues, to continue issuing Treasury bills, the proceeds of which are automatically deposited with the CB, to contain the growth of its net credits from the CB. If the government stops issuing its short-term IOUs without an improvement in its revenues to settle its obligations, its net credits from the CB will zoom up. This will exert an inflationary pressure on the economy.

Furthermore, if it stops issuing the T-bills, its fund requirements will further deteriorate because of the amount of T-bills maturing, which will only force it to resort to bigger borrowings from the CB. The public sector's borrowings from the CB appear to have exceeded the end-July "indicative" ceiling for net domestic borrowings of the public sector agreed upon with the International Monetary Fund (IMF) which had been set at P7.8 billion. CB officials however insisted that the ceiling was not exceeded since the indicative ceiling in the agreement with the IMF was "qualified" which meant that it could be adjusted upward by the amount of pesos deposited with the CB by public sector borrowers equivalent to their "reschedulable" principal and interest foreign loan payments.

CB governor Jose B. Fernandez Jr. has gone on record that all of the IMF end-July performance criteria, including those on the borrowings of the government, were complied with. Sources in the financial community however claimed that one reason for the delay in the IMF's release of its third credit tranche was the government's exceeding its end-July ceilings. The CB data indicated that the net credits to the banks turned "negative" -- which means more money flowed to the CB than what it had released to the banks -- as a result of P23.6 billion in CB bills issued and reverse repurchase agreements worth P8.6 billion.

The CB end-July data showed that the CB has not only been virtually "subsidizing" the national government. Worse, much of the little funds it released to the private sector actually went to support tottering banks and other financial institutions. According to the CB data, nearly 35 percent, or P4 billion, of the P11.5-billion rediscounting funds -- or the low-cost funds the CB releases to banks intended to keep interest rates for selected industries lower than market rates -- were actually loans to cash-strapped banks.

Aside from such emergency accommodations, the banks' overdrafts with the CB -- or the checks they issued without funds but which the CB cleared anyway and which turn up as new money released by the CB to the system -- had increased as of end-July to P8.8 billion, or P1.6 billion more than the P7.2 billion in overdrafts when the year started.

The shutting off of CB credits to the bankings system actually was a critical component of the CB-IMF game-plan for weathering the country's debt crisis. Under this "monetarist" plan, tightening credit will contain inflation rates in the country. A low inflation rate on the other hand is viewed as necessary to prevent what is feared will be an uncontrollable situation where inflation acts to continually depreciate the peso's exchange rate to a point where the inflation-exchange rate spiral will prevent the country from amassing the foreign exchange it needs to pay off its debts. However, it is now being pointed out that monetary authorities' austerity measures have only triggered off a serious depression, which will take the country years to get out of.

ISABELA PALAY OUTPUT TO INCREASE DESPITE TYPHOON

HK150403 Manila BULLETIN TODAY in English 14 Nov 85 p 15

[By Antenor B. Parazo]

[Text] Cauayan, Isabela -- Governor Faustino N. Dy said that in spite of "Saling's" cyclonic winds and floodwaters in Isabela, this food-producing province still can realize its goal of 13 to 14 million cavans of palay this year. This will mean an increase of about a million cavans from previous year's palay production of 12 to 13 million cavans, at most, the governor said. The governor added that Isabela also expects to come up with about a million sacks of corn, but the figure, he explained, approximates only Isabela's corn production annually. He said that his estimate was based from reports of Isabela municipal mayors on the effects of Typhoon "Saling" on Isabela's palay production in this year. His prediction was also supported by a report from Joaquin Ramos, head of the Isabela office of the Ministry of Agriculture and Food, who reported that the province could expect a good palay and corn production this year.

The prediction of Governor Dy was firmed up by a report submitted by Mayor Benedicto Acosta, chairman of the Isabela Mayors League, which was a wrap-up of similar reports from most of the mayors in the province. Mayor Eduardo Siabeba of Mallig and Mayor Onate Tabancura of Quezon, also in Isabela, reported that it did not take three days for "Saling's" floods to ebb in their respective municipalities.

JUSTICE MINISTER ON PROBLEMS WITH WEALTH PROBE

HK150407 Manila BUSINESS DAY in English 16 Nov 85 p 11

[Text] Prospects for the investigation led by Justice Minister Estelito Mendoza into the reported huge overseas investments of top government officials and their friends remain dim.

In a luncheon press conference with the Foreign Correspondents Association of the Philippines (FOCAP) yesterday, Mendoza cited the difficulties he is faced with: gathering of evidence much of which is overseas, expenses entailed in securing such evidence; registration of most of the properties with offshore corporations; making ownership difficult to determine; establishing when the foreign exchange transactions occurred and if they happened at the time controls were in effect; and determining whether these constitute violations of law.

The justice minister said it is not illegal for Filipino citizens to own properties abroad. The investigating body, he explained, needs to establish the "precise" foreign exchange transaction which resulted in the acquisition of property.

Mendoza said that if those named as having large investments abroad -- including President Marcos and his wife, Imelda, Defense Minister Juan Ponce Enrile, Energy Minister Geronimo Velasco, among several others -- violated any law, this would most likely be a foreign exchange regulation. In case of public officials, he pointed out, the anti-graft law may have been violated "if their income can't justify their assets." If those involved are private citizens, the internal revenue laws may have been violated, Mendoza said. But the justice minister said he does not have any deadline for finishing the probe. The Bureau of Internal Revenue is assisting his office in the investigation.

While Mendoza pointed out that money is not an impediment in the probe, he said the chances of success should be reasonable before he sends people abroad to gather evidence. Asked if he had made inquiries into the reported properties of Marcos and the first lady, Mendoza replied that he has "no jurisdiction" over the President. "There is no distinction, really, between the president and the first lady." President Marcos, when he ordered Mendoza to investigate the alleged "hidden wealth" of top government officials, told him to "spare no one." But Mendoza said, "I do not assume authority over him." Mendoza also told the FOCAP some of those named by the SAN JOSE MERCURY NEWS have admitted the fact of ownership of wealth abroad, others denied, while some said they would rather be formally charged and only then will they respond.

JAPAN TO FUND EXPORT PROCESSING ZONE IN CAGAYAN

HK140842 Quezon City Maharlike Broadcasting System in English 0700 GMT 14 Nov 85

[Text] The Japanese Government has approved in principle the funding of the \$108 million export processing zone in Cagayan. This was disclosed today by Cagayan Integrated Agricultural Development Project director [name indistinct]. [Words indistinct] of the disclosure [words indistinct] follow the report of the mission of Engineering Consulting Firms Association of Japan which visited the venue last month. The association informed the [words indistinct] of the Japan International Cooperation Agency who has expressed willingness to support the project subject to a feasibility study and a (?master plan). The export processing zone, the sixth to be set up in the country, will cover 24 hectares of [words indistinct], the country's northernmost outlet to Asian markets.

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